



Daily Report

Latin America

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NOTICE TO READERS: Effective 1 October, the processing indicators appearing in brackets at the start of each item in this publication have been changed. All new indicators begin with "FBIS" to make the material more easily identifiable. Some also indicate whether the item has been translated from the vernacular or transcribed from English.

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Rio Group Seeks Access to European, PRC Markets
PY1710230794 Santiago EL MERCURIO in Spanish
28 Sep 94 p C2

[Article by special correspondent Elia Simeone Ruiz]

[FBIS Translated Text] New York—Latin America has asked for greater access to European markets, and at the same time has agreed with the PRC to keep up trade and to promote further relations between Latin America and the Asia-Pacific region.

These subjects were discussed at a meeting between the Rio Group and PRC Foreign Minister Qian Qichen, and then with representatives of the European Union.

The Rio Group wants to strengthen its relations with the European Union and with China, proposing to be the Latin American interlocutor.

The Rio Group asked the EU for more expeditious and freer access to the European market, in addition to expressing its opinion on the new Generalized System of Preferences.

The importance of the dialogue with the PRC is based on the fact that China is a member of the UN Security Council, that it has more than 1.1 billion inhabitants, and that it has experienced accelerated economic growth ranging between 8 and 10 percent annually. Some of the zones with greater development are Shanghai and the entire southeastern Chinese region.

China is also interested in tightening its trade relations with Latin America.

After the meeting, Chilean Foreign Minister Jose Miguel Insulza explained that there was an exchange of points of view on the global situation, on economic matters that interest both regions, and on the possibility of increasing trade relations and transferring technology.

There was also an intense discussion on the Copenhagen World Summit on Social Development, at which PRC Prime Minister [title as published] Jiang Zemin has already confirmed his presence.

Asked what China expects from its rapprochement with Latin America, Insulza said that the Chinese Government is especially interested in establishing trade ties and greater exchange with the region.

The Chinese foreign minister expressed his satisfaction over the recent entry of two Latin American countries, Mexico and Chile, into the Asia Pacific Economic Cooperation (APEC) organization. Chile will be officially incorporated during the November summit in Jakarta (Indonesia).

He said that, through this, there could be a considerable increase in trade between the two regions.

The Rio Group, however, has asked Chile and Mexico to seek the manner for establishing a dialogue between the two areas. "We, of course, have always been willing to do so. We understand our participation in the Asia-Pacific region as a door open toward that region, and therefore we believe that it is a matter in which we can greatly advance," Insulza said.

He added that the Chinese foreign minister's interest focused on commercial matters, namely on trade between Latin America and China.

He said that bilateral trade has reached only \$3.4 billion, and that it could be considerably increased. He added that all Latin American countries are interested in and dedicated to increasing this relationship.

Celso Amorim, Brazilian foreign minister and pro tempore secretary of the Rio Group, explained that it was a very positive meeting, and that it was the continuation of the talks between the Latin American organization and China, which is in itself a continent.

The Brazilian foreign minister said that Qichen has proposed a meeting with the Rio Group trio in Beijing to continue the talks.

Chile, Mercosur 'Fine-Tuning' Trade Agreement

PY1810011594 Madrid EFE in Spanish 1630 GMT
15 Oct 94

[FBIS Translated Text] Santiago, 15 Oct (EFE)—It was reported today in Santiago that Chile and the Common Market of the South (Mercosur) are fine-tuning the details of a future trade agreement. The report added that by mid-November, the Mercosur countries and Chile hope to start negotiations on the list of products to be encompassed by this agreement.

Juan Salazar, director of the Chilean Foreign Ministry International Economic Relations Department, said that he is optimistic regarding Mercosur, despite the disagreements that have come up within the economic bloc on the elimination of customs taxes.

Salazar headed the Chilean delegation that attended the second round of negotiations, held between the two parties in Montevideo at the beginning of this week, to discuss the establishment of a free trade area.

During this meeting Chile submitted to Mercosur three documents on terms and mechanisms for the lifting of customs taxes, the institutional question, and the structure and regulations of the Economic Complementation Agreement (ACE).

The customs tax proposal was the most debated issue. According to Salazar there was consensus but also disagreements, basically on when the lifting of customs taxes will become effective, which will have to be discussed further until consensus is achieved.

During the meeting the delegations agreed to eliminate, at different times over a 10-year period, all customs tariffs for the products included on four lists.

Among these lists is that which contains the so-called "historical patrimony" encompassing products that enjoy preferential customs rates negotiated within the Latin American Integration Association (ALADI), which expires on 31 December.

Chile proposed a fast first stage of two years for the so-called historical patrimony list, but this was rejected by Argentina, Brazil, Paraguay and Uruguay—the Mercosur members—which prefer a slower pace.

On average, preferential customs rates represent 40 percent of Chilean trade with Mercosur countries.

Chile hopes to renegotiate preferential customs rates on all these products within the framework of the Mercosur negotiations. If these do not end before December, Chile must seek parallel formulas for extending them.

At the Montevideo meeting Chile also submitted guidelines for a proposed Economic Complementary Agreement encompassing not only trade in goods but also services, investments, physical integration, and all other aspects dealing with an integral agreement.

Political Parties Discuss Issues, Summit Agenda

PA1510180794 Mexico City UNOMASUNO in Spanish
14 Oct 94 p 4

[Report by Jose Quintero Arias]

[FBIS Translated Text] Huatulco, Oaxaca State, 13 Oct—Many of the changes in Latin America over the past 15 years are not the result of modifications from within, but are impositions from outside. This is why Copppal [Permanent Conference of Latin American Political Parties] intends to eradicate from the region forceful solutions, the use of violence, and interventions intended to impose forms of government that are not the result of choices by the citizens.

The foregoing is part of the Second Declaration of Oaxaca after Copppal met for its 18th plenary session on its 15th anniversary. The ceremony was attended by parties from 19 Latin American countries.

In this morning's meeting, headed by Ignacio Pichardo Pagaza, national PRI [Institutional Revolutionary Party] leader and Copppal president, the Mexican federal deputy Agustin Basave, as Copppal secretary general, read the conclusions reached and the abovementioned Second Declaration of Oaxaca.

In its political agreements, Copppal condemned drug trafficking, which penetrates various sectors of society and extends and worsens corruption, violence, and destabilization. The urgent need to wipe out drug trafficking and the financial activities linked to it was stressed. The Copppal political agreements stated that drug trafficking demands strong actions by all institutions.

In another of the agreements, political party representatives, from Argentina, Chile, Colombia, El Salvador, Paraguay, Haiti, among others, stated in the Second Declaration of Oaxaca their solidarity with the PRI and Mexico in the face of the assassinations of Luis Donaldo Colosio Murrieta, former PRI leader and former Copppal president, and of Jose Francisco Ruiz Massieu, former secretary general of the PRI's National Executive Committee. "The conference respectfully supports the demand that both crimes be clarified and that the guilty be punished with the full force of the law."

Aside from the Declaration of Oaxaca and the political agreements reached, Copppal, which met for two days in a hotel on this bay, also set out its position on the upcoming hemispheric presidential summit scheduled for Miami, Florida.

Likewise, certain reflections were made on Latin American countries, especially because 44 percent of "our people live in poverty, with nearly 10 percent growth in this shameful index over a decade."

Representatives from other countries proposed to Pichardo Pagaza and Basave, Copppal president and executive secretary, respectively, that in the name of the organization, they should take and present at the presidential summit an

"agenda for hope and accomplishments" with the following topics: poverty, peace, and democracy; sovereignty, integration, and trade; foreign debt; investment; employment; education, training, and health; access to science and technology; environment; and drug trafficking, corruption, and law enforcement.

On this last topic, Copppai stated that it supports the initiative of Ernesto Zedillo Ponce de Leon, the PRI's victorious candidate for the presidency of the republic, to call for a world summit against drug trafficking, which will permit a consensus to be established on ways to carry out a crucial struggle for the future of humanity.

Cuba

Funeral Held for Victim of 'Infiltration'

FL1710030594 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0100 GMT 17 Oct 94

[From the "NTV" newscast]

[FBIS Translated Text] The people of Caibarien in Villa Clara paid respects on 17 October to Arcelio Rodriguez Garcia. His funeral took place at his birthplace, where many gathered to say farewell.

Rodriguez was killed early in the morning on 16 October by counterrevolutionary elements, who were not successful in their infiltration attempt against national security. Rodriguez was a 34-year-old worker, and a student in his fourth year of sports education. He excelled due to his humane and revolutionary aptitude, and he made a profound impression at each place where he worked or studied.

This is why thousands in Caibarien accompanied the funeral procession today to the municipal cemetery to say farewell to a man who had gained the trust of many, despite his short life.

It happened to Gabriel. Today it was Arcelio, but it could have been anybody, because the murderers did not even ask about his social affiliation. They only followed the basic rule of cowards: to kill defenseless people.

Arcelio left two children, Rocio and Michael, four and eleven years old. Marta Garcia and the fatherland lost someone whose presence will continue to be with us.

[Begin Marta Garcia recording] It was an act of cowardice because nobody should be killed in that way. I am sure he would not have been killed if he had at least been given a chance to defend himself. There is evidence that the attackers came in a boat with many weapons, including the one that took his life. He is dead, but I am proud of him to the end. I am proud because he was an honest man. He was a man, and that says it all. [end recording]

The people gathered today demonstrated that not only his parents, siblings, wife, and children condemn this low act by counterrevolutionary murderers.

Festival Honors Attempt To Thwart 'Infiltration'

FL1810015494 Havana Radio Rebelde Network in Spanish 2300 GMT 18 Oct 94

[Report by Carmen Oria in Villa Clara; from the "Exclusive" program]

[FBIS Translated Text] As we all know, the Federation of University Students [FEU] is conducting the 12th National Amateur Artists Festival in Villa Clara Province. The FEU is keeping abreast of the events that took

place in Caibarien, where several courageous young people thwarted an infiltration attempt by seven counterrevolutionaries.

Ignacio Martinez Gonzalez, member of the FEU National Secretariat, spoke to us about the early-morning activities scheduled for tomorrow.

[Begin recording] [Martinez] In connection to recent events in the province, it happened that while the delegates to the FEU National Amateur Artists Festival were participating in the opening parade, courageous young people in Caibarien Municipality were defending our coasts and thus, the sovereignty and independence of the fatherland. On behalf of all the participants in the festival, we will go tomorrow to where it happened and meet with these young people to show them our appreciation and thank them for their actions.

[Oria] I understand that other organizations are also going to participate in tomorrow's activities?

[Martinez] Yes. A representation of the provincial bureau of the Union of Young Communists [UJC], the Communist Party of Cuba, and other university students in the province will participate.

[Oria] I have been told that members of the UJC National Committee will also be present.

[Martinez] Yes. Right now, representatives of the UJC National Committee are visiting the province, and will participate in the meeting. [end recording]

Minister Warns Against Undermining National Identity

FL1710214094 Havana Radio Rebelde Network in Spanish 1800 GMT 17 Oct 94

[Statement made by Culture Minister Armando Hart Davalos at the Radio Rebelde studios on 17 October; from the "National Radio News" broadcast]

[FBIS Translated Text] Culture Minister Hart spoke briefly of the historic, patriotic, and social roots of our culture, which began to develop in the 19th century, reaching an organized, coherent form in our own time. With regard to the problem of national identity, one of the main aspects of our culture, Hart denounced the futile efforts of our imperialist enemies.

[Begin Hart recording] That is why it is a greater crime to try to corrupt the Cuban cultural identity. The world cannot allow this to happen. What the United States' reactionary groups are trying to do is undermine our country's national identity. They are no longer debating whether we are socialists or not, or on whether this government should cease to exist or not. What they are debating now is the extinction of Cuban national identity. If they are not in fact debating this, they are leaning in that direction. This was evidenced by recent events, during which Cubans who tried to leave the country were influenced by those abroad [sentence as heard].

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In other words, Cuban identity is based on a close relationship between the social ideal of human liberation—expressed by (Jose de la Luz y Caballero) who said that justice is the sun of the moral world—patriotism, and political ideals that merged to create a culture that is extraordinarily broad, not dogmatic or exclusive to specific circles.

Our culture is open to the practices and needs of our people. That is why our art, literature, and ideas are so rich. That is why we defend this culture, which was born or was crystallized from an intense process, on 20 October 1868. [end recording]

Foreign Investment To Increase Oil Production

PA1510170394 Havana Radio Havana Cuba in Spanish
0000 GMT 15 Oct 94

[Report by Guillermo Alvarado; from the "Evening Information Review" newscast]

[FBIS Translated Text] Ever since supplies were abruptly interrupted following the collapse of the Socialist bloc and the disintegration of the USSR, one of the main problems in the Cuban economy has been fuel. Just in 1992, consumption dropped over 50 percent.

The country has to spend an enormous amount to purchase oil on the international market, but it is clear that the definitive solution to the problem lies in increasing national oil production by efficiently exploring and exploiting oil fields on Cuban territory and those offshore.

As a result of the opening of this sector to cooperation with foreign capital, 11 foreign firms are participating in oil exploration and exploitation. Ten others are working in oil production services. Firms from France, Canada, the United Kingdom, Sweden, and Germany are already operating 18 of the 33 oil fields on national territory that are open to foreign investment through joint venture contracts. It is expected that those companies will recover their capital in four years.

In September of this year, explorations were conducted in all the fields for which contracts were signed. The Canadian firms Canadian Northwest and Talisman and the French company Total began marine drilling operations. Initial drilling around Cardenas in Matanzas Province, yielded positive results for Canadian firms, with estimated production of 3,750 barrels of crude oil per day, even during the phase during which reserves were still being confirmed.

It has been also established that the Pinas field alone has 10 million tons of estimated reserves. Estimated yearly production is 130,000 tons, which would represent approximately 10 percent of the nation's fuel production. According to experts, this is the lightest crude oil found in recent times, between 25 and 30 API, which is a very high quality oil.

The current cost to produce a barrel of oil is \$10, which should enable a field like that in Pinas to annually earn \$15 million over and above total expenses estimated at \$3 million. Another important aspect of the cooperation with foreign companies has been the replacement of old technology in oil drilling, that increased costs and delayed work, with modern equipment. This will increase production in existing wells.

Parliament Delegate on Fight Against Drugs

FL1510032494 Havana Tele Rebelde and Cuba Vision
Networks in Spanish 0100 GMT 15 Oct 94

[From the "NTV" newscast]

[FBIS Translated Text] Cuba's success in the fight against international drug trafficking was discussed during a meeting of working commissions of the Latin American Parliament in Brazil. Jose Luis Toledo, member of the Cuban delegation and deputy attorney general, described recent changes to the Cuban penal code. He stressed that although there are no drug addiction or drug trafficking problems in Cuba, its geographic position puts it at the center of an intense international illegal trade route.

Honduran Minister Stresses Regional Integration

PA1710012094 Havana PRENSA LATINA in Spanish
1937 GMT 15 Oct 94

[FBIS Translated Text] Havana, 15 Oct (PL)—Honduran Culture Minister Rodolfo Pastor Fasquelle said here today that Latin American integration must be based on regional unity as the first step toward a greater objective.

In an meeting with his Cuban counterpart Armando Hart, Pastor indicated that "the marked nationalism every country has had to adopt because of the threat of foreign invasion constitutes the main obstacle to achieving this integration."

These extremist attitudes, he pointed out, are the first obstacles we must overcome to achieve the integration of our nations.

Pastor, who arrived in Havana yesterday, referred to the economic difficulties his ministry is facing and the measures adopted to resolve this situation. He also expressed interest in the organizational structures of the various cultural sectors in Cuba, primarily those dealing with education.

The first member of the cabinet of President Carlos Roberto Reina to visit Cuba, Pastor will visit Havana's historic center and the Center for Preservation, Restoration, and Museography, and will meet with the members of the National Union of Cuban Writers and Artists (UNEAC).

During his four-day stay in Cuba, he will also visit La Casa de las Americas and the Cuban Institute Cinematographic Arts and Industry (ICAIC), where he will be received by ICAIC president Alfredo Guevara.

Article Views Government Diplomacy at UN

PA1610045294 Havana PRENSA LATINA in Spanish
0918 GMT 15 Oct 94

["Exclusive" article by Roberto Molina: "United Nations: Cuban Diplomacy Measures Up to New Times"]

[FBIS Translated Text] United Nations—In each of its appearances in the international arena, Cuba, the small Caribbean nation historically called—and not without reason—the key to the Gulf, exhibits a diplomacy based on an independent foreign policy in spite of the difficult times it is enduring.

The current presence of Cuban Foreign Minister Roberto Robaina at the United Nations to participate in the debates of the 49th session of the UN General Assembly has made this evident and this surprises almost no one.

The years that have gone by since the collapse of the socialist camp brought an end to the Cold War have not weakened this position, and everybody acknowledges Havana's efforts to become a part of today's world, in spite of attempts by the world's most powerful country to isolate Cuba and to force it to abort not only the island's project for the defense of its sovereignty and self-determination but also the social achievements it has secured in more than three decades within a process that endures in spite of the hostile atmosphere created around it.

This explains why the island maintains relations with 147 countries, some of them established recently in spite of the siege, and why more than 80 of them have diplomatic and consular missions in Havana.

It is noteworthy that Robaina during the almost three weeks he has been at the United Nations has met with more than 40 foreign ministers attending this session, not counting the many contacts he has made with groups that represent various U.S. sectors, including the Cuban-U.S. community. These meetings make evident the Cuban Government's willingness to understand the White House frame of mind beyond Washington's official policy on Havana.

The UN General Assembly has decided that the need to put an end to the U.S. economic, commercial, and financial blockade against Cuba will be discussed as one of the organization's 154-issue agenda. This should happen in November.

Cuban foreign policy is rightly being prepared just as it was for the past two sessions, when draft resolutions presented by the Cuban Government were approved.

This has been an almost unrelenting issue in the conversations Robaina has held with his colleagues and it will continue being so until he concludes his visit in about a week.

The document prepared by Cuba for the upcoming occasion has been discussed during these meetings, as well as during contacts diplomats of the Cuban mission at the United Nations have held with their colleagues from other countries.

As Robaina has told this correspondent, the backing for the Cuban position is broad, and it is expected that this time, votes in favor of the document will be as many as or more than last year.

The foreign minister said: "The isolation the U.S. blockade policy on Cuba sustains has been made clear during all the meetings I have held, especially when considering its anachronistic character in this new world situation after the end of the Cold War.

"In the case of Cuba, the blockade is being maintained as a symbol of a stage that has already been superseded because of international developments."

Robaina explained that for this reason, the inclusion of this issue in the current session is of vital importance for his country.

The minister assigned special importance to contacts he has made with representatives of Latin America and the Caribbean and announced that he has held a special meeting with all the foreign ministers of the Caribbean Common Market member states, taking into consideration the special ties Havana has developed in that area in recent years.

Robaina pointed out Cuba's decision to join the Tlatelolco Treaty, something that has resulted in much satisfaction. That document will be signed in the next few months.

Robaina was received in a special audience by UN Secretary General Butrus-Ghali, who said he hopes to be able to visit Cuba this year, taking advantage of an invitation from President Fidel Castro.

The issue of cooperation between the United Nations and Cuba was discussed at length. Talks in this regard continued during Robaina's meeting with General Assembly President Amara Essy, foreign minister of Cote D'Ivoire.

The fact that Robaina has met with James Gustave Speth, general manager of the UN Development Program (UNDP), who voiced his wish to visit Havana before the year's end, is another example of the uselessness of the isolation applied by the United States on Cuba.

Jose Ayala Lasso, the UN high commissioner for human rights, will also visit Cuba at the invitation of the Cuban Government, and preparations are already under way.

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The Cuban minister's speech before the General Assembly had a profound impact and was met with expressions of admiration, although Cuba has always spoken in a clear language, a language of its own at all international forums.

His analysis of the Security Council's reprobative attitude toward Haiti more recently and previously toward Somalia reflected the opinions voiced here by numerous diplomats and observers of UN performance in past years, opinions that are rarely heard in public and much less during debates of the organization.

That was an overwhelming argument in favor of Cuba's opinion, which is fully shared by a majority of UN member states, on the need to introduce democracy and honesty in the Council's efforts and on the need to improve the role of the General Assembly as a supreme body of the international community of nations.

He said that "democratizing the United Nations is an unpostponeable imperative today, and as we are about to mark the 50th anniversary of the organization, it is time for this institution to stop responding to the interests of a handful of powers."

With the same independent and personal criteria, he analyzed the issue of development in light of the new trend toward globalization.

Robaina clearly denounced the emergence of new terminology and definitions that the wealthy North could use to maintain and strengthen its predominance in the world economy and to introduce schemes that are foreign to the idiosyncrasy, needs, and culture of the underdeveloped South.

"The countries that with equity and justice struggle to achieve development, that make efforts to respect their peoples' human right. [sentence as received] The countries that obstruct our development are violating the human rights of all our peoples," he pointed out.

As for the Cuba-United States conflict, Robaina said that the recent negotiations on the migration issue show that it is possible to reach a satisfactory agreement with a respectful and serious attitude. "We want peace with all our neighbors, peace with dignity. We would never place sovereignty, independence, and socialism, which we freely chose, on any negotiation table, just as we do not demand concessions of this nature from any country," Robaina said.

Cuba's inclination toward integration, consensus, and dialogue was also reflected in the speeches of the foreign minister during the ministerial meetings here of the Group of 77 and the Nonaligned Movement.

Thus, the efforts of the Cuban delegation at this 49th session of the UN General Assembly reflected a combination of firmness and flexibility, which are indispensable elements to tackle today's challenges in the international arena.

These efforts were broadly welcomed at this unique forum because of its composition and characteristics, and this was demonstrated by the intense discussions between Robaina and his colleagues from all over the world.

Amid this reality, many diplomats were shocked by the absence of the U.S. diplomats as Robaina delivered his speech before the plenum.

When asked about this, the minister immediately replied that this did not worry or frighten him, because his concentration on the speech left him no time to think about that.

There was perhaps no U.S. representative present, but he was certain that some television sets were not disconnected at that time, he added.

As for Cuba, a verse of a well-known song performed by famous Cuban songwriter and singer Pablo Milanés once again reflects a great truth: "No one can turn off something that shines with its own light."

'Straight Talk' Views Land Distribution

FL1410151294 Havana Radio Rebelde Network in Spanish 1700 GMT 13 Oct 94

["Straight Talk" program with host Osvaldo Rodriguez, from BOHEMIA magazine, and reporter Fernando Davalos; in the Havana studio—live or recorded]

[FBIS Translated Text] [Rodriguez] This is an issue of general interest, because it has to do with feeding the population. Davalos, I invite you to introduce the issue.

[Davalos] This is not only about food. There are other important aspects which pertain to the economy, for example, land used to harvest tobacco. There is good news about tobacco, there are plots that are being distributed to families that have experience in growing tobacco. I believe 800 caballerias have been distributed. However, I want to point out that is not enough. It is not enough because the plots are only for tobacco. Cuba is going to benefit because there is going to be more tobacco to collect and to export. This benefits the economy, but there are other sectors that need land distribution and cultivation. There is a decision to distribute land for coffee and cacao harvesting. You know that these are three types of crops that need the attention of the farmer, of the family. However, I ask myself: Is this where the issue ends?

[Rodriguez] There are decisions of the Agriculture Ministry, better yet, decisions of the Politburo, stating that all those who can work these lands are going to receive idle lands—even families of retirees. What, are you referring to something new?

[Davalos] No, no, I think that what you have referred to is a Politburo decision of just a few months ago. That in itself expresses the will that our society, our authorities, and the Revolution's political leaders' have to distribute

the land. This is necessary, we must make that land productive. However, there are reports from people, including myself, who have seen that the distribution process is going too slowly.

[Rodriguez] Davalos, there is a certain reticence toward the process. I know of places where the local authorities have prohibited any land distribution.

[Davalos] They have prohibited land distribution?

[Rodriguez] Yes, yes, and I am going to give you an example. A few months ago I received complaints from several people in Sancti Spiritus Province. They stated that for all intents and purposes it has been decided not to do it, not to apply this policy at all. I think that halts the process. We must do away with that type of obstacle.

[Davalos] I have no doubt that things of that nature are going on, however, I am going to give you some good news. Orlando Lugo Fonte [president of the National Association of Small Farmers] recently said in an interview in Sancti Spiritus—during a ceremony where lands were granted for cultivating tobacco, there is a good amount of tobacco production already—that there was delay in land distribution in Villa Clara where there are tobacco crops adjacent to Sancti Spiritus—and in other provinces, as well.

[Rodriguez] I think that if we talk about land distribution today, it seems that, in general, it is going very well. What this is all about is having people begin to produce wherever there is a plot of land.

[Davalos] I think that we cannot say that it is going very well. I think it is going slowly, especially....

[Rodriguez, interrupting] No, no, I was referring to lands distributed for tobacco.

[Davalos] Yes, in that area the process is doing well. As I said before, 800 caballerias distributed to 2,500 families; that is a significant amount of land, even if in small plots. I think they are small plots [pauses] I calculated that this amount represents a typical tobacco farm. A small farm. As you know, tobacco plants demand attention, leaf by leaf attention.

[Rodriguez] Yes, but is it not true that sometimes people are not interested in land?

[Davalos] Well, that could be true. That could reflect the situation that we have lived through. There has been an exodus, people have left the countryside. Work in the fields has not paid sufficiently well for them to stay. Now, the farmers' markets have demonstrated that it will pay well.

[Rodriguez] Do you think that the farmers' markets will obligate....

[Davalos, interrupting] By the way, not for tobacco, let's not talk about tobacco at the farmers' markets.

[Rodriguez] No, no, we are talking about food products. Do you think that the farmers' markets will stimulate a return to the fields?

[Davalos] Most certainly. First of all, because prices at the farmers' markets are to be respected. The farmers' markets' prices are to be respected because they are a product of free agreement. No matter how much it may annoy us, some will be more annoyed than others, a price freely agreed upon between buyer and seller is something that we have to protect. The markets are going to be a type of catapult. We cannot think that the farmers' markets are there so we can eat a few more bananas. Yes, it may mean eating a few more bananas, but it is aimed at mobilizing the productive forces and motivating these forces so that they produce.

[Rodriguez] But there are other work options available in Cuba that could dissuade people from returning to the fields.

[Davalos] Yes, but do not lose sight of the fact that the problem of food production is our most important battle.

[Rodriguez] I am not referring to a battle. I am referring to stimulating a worker so he returns to the fields. You must stimulate that person, somehow. Maybe, right now, that person may feel stimulated by the farmers' markets, but there are other stimulants, as well. For example, I think that a hotel employee earns more money than a farmer.

[Davalos] Well, there are differences between sectors. That is an old problem. Yes, some receive tips in foreign currency. However, there is no doubt that the man that is able to produce, does so, first of all, for his family. He can have livestock, he can find a place to live, and he is going to benefit from the high prices at the farmers' markets. That is a huge incentive. He will need more things, but they will come. No one does much with money alone. We all know that if our salaries were tripled and there was nothing to buy, what would we do? We would have to complement this with a market where we could buy goods—goods which we will have as soon as Cuba can get them. Furthermore, I think that we will not need to have higher salaries.

[Rodriguez] Do you not need vocation to be a farmer, to return to the fields, and to cultivate land?

[Davalos] That thing—vocation—is something that has been greatly debated. The conditions...[rephrases] Your parents and mine perhaps did not have the vocation to do what they did, but they had the need, therefore, they did what the situation called for. I would like to be a famous guy, I would like to be....

[Rodriguez, interrupting] You are famous. You are now talking to millions of people.

[Davalos] One thing is what one dreams and another is reality and need. I think that if I were to find myself in

the countryside with a plot of land of six cords [cordeles], the size that is being distributed, where I could obtain food for my family and keep livestock, I would have a larger income. People will be able to resolve personal and family problems. That is what will stimulate the return to the fields. It is a social problem. I think that it is a process much more important than we realize.

[Rodriguez] You have said that vocation is guided by needs and when I asked you....

[Davalos, interrupting] Maybe I did not understand what you were getting at?

[Rodriguez] Yes, yes you did, but I was trying to get the conversation to the point where it is now. It is not just about stimulating people financially, but also to stimulate with the material wellbeing of the family. I think proper mechanisms have not been created in that area, yet.

[Davalos] I agree. I think that this fight, as a boxer would say, is not finished. There are things that are missing, for example, housing. Many people left the countryside because they did not have any place to live. However, in the countryside it is easier to construct rustic housing, just as all our relatives, who are farmers, do. I know that they build them with wood, which is easier than here in the city where other materials are needed. However, that is a problem. In the country you benefit in psychological and social terms. However, I am not thinking about that now. Now, I am only thinking about the immediate economic affect of food production. I would like to forget about tobacco, cocoa, and coffee, I would like to refer to a large amount of land that is still to be distributed and the process is going too slow. The land does not necessarily have to be for any of the three crops I mentioned. The land could be used for growing vegetables and for other things. The land is there.

Let me say that a week ago I was driving along a main road and I noticed that the road's ditches were planted and very well cultivated, I might add. From the fence that borders the ditch, inwards towards an abandoned farm, the land was idle. What is that? That is something very strange, really strange. When we talk of idle land the cooperatives, state farmers, and all the others that have land and do not make it productive should find this description applies to them: Straighten up! Furthermore, there is a tax to prevent this from happening, to wake those that keep these lands idle, no matter who they may be.

[Rodriguez] Yes, but in the case of a state farm that tax is paid by the state, assuming that the tax is applied to state farms. However, when you mention cooperatives, basic cooperative production units or small farmers, the tax is something that affects the pockets of the producers directly. In the state farms' case perhaps it would be good to find....

[Davalos, interrupting] Find another complementary mechanism. However, that situation does exist. I have

seen it myself, those ditches planted and a farm abandoned. That is something incredible! Another thing, we cannot forget that this is a time of transition. Where there is a movement from one form to another. Now the farmers' markets have been created, which is a flashing light that calls for production, but reaction is not always immediate.

[Rodriguez] Davalos, what do you think is halting the land distribution process, even if there is a firm decision and political will to do so?

[Davalos] I think that is a good question. I think there should be no reason [the process]. I also think that there is a problem understanding this process. Those that should be aware that these lands must be distributed so they can produce, seem not to be. Cuba needs food production and to have it these lands must be granted to someone that will be responsible for doing just that. It seems that either the people in charge do not understand this or there are bureaucratic obstacles or something. In any case, I think these are just subjective problems. There is nothing objective that hinders this process, we do not need to import anything to distribute this land. One of these days we will have to think to ourselves: We are distributing six cords, that is a small farm [minifundio]. That is agricultural subsistence. We are returning to a very old organizational phase, in any case, it is not as bad as having unproductive land. However, we must continue to think in terms of associations. We must continue to think in terms of new associations or in strengthening the associations that already exist.

Rodriguez] Do you think that these small farms could achieve positive results?

[Davalos] Yes, of course they can. Do you know what a Haitian bately is? A Haitian, in a ten-by-ten-foot plot, grows all that he needs to eat. He does not need many things to eat, but he has yams, medicinal herbs, chickens, and a pig. All in a ten-by-ten plot. That is a typical subsistence farm. That man subsists there with two or three banana trees, an orange tree, a pig, two or three chickens, and he survives. Now that small farm is like a super farm because it is going to resolve problems. Anything better than to allow the land to remain idle, which is how it is in many places. Right now, I have just received a call from a listener, Edico Perez, who has just returned from a trip to Pinar del Rio, and he informs me that there is still a lot of idle land. Well, it could be that they are in the tobacco seeding and planting stage. That is, there is a stage where there is not much land planted to be seen, but there is a lot of soil preparation going on. This man was alarmed and he called us here at Radio Rebelde.

[Rodriguez] Yes, in the case of Pinar del Rio there are areas where high quality tobacco is produced and they do not plant anything where they usually plant that type of tobacco.

[Davalos] Well, with tobacco there is certain type of rotation that goes on. Tobacco planters, very wisely,

after the tobacco harvest plant corn and they leave it and go on to something else. They leave that parcel and go to another. That rotation is prudent and it is an old process in tobacco growing.

[Rodriguez] I think it is very good that these tobacco growers protect the land in this way, but I think that we must produce food. Davalos, thank you for being here today.

Dominican Republic

Foreign Minister: Ties With Haiti To Improve

PA1810043994 Mexico City NOTIMEX in Spanish
0354 GMT 18 Oct 94

[FBIS Translated Excerpts] Santo Domingo, 17 Oct (NOTIMEX)—The Dominican Government announced on 17 October that the return of President Jean-Bertrand Aristide to Haiti will improve diplomatic relations and will help reinforce democracy in that nation.

Foreign Minister Carlos Morales noted that businessmen and diplomatic officials will draft a program to help improve economic and commercial relations between the two nations. [passage omitted]

He noted that, following three years of an apparent break, these ties will improve for the good of the two countries. He warned, however, that the two nations must work to achieve this. [passage omitted]

Aristide, who won the December 1990 election with 67 percent of the votes, has a difficult path ahead, but relations between Santo Domingo and Port-au-Prince will improve, the diplomat concluded.

Haiti

Aristide Speaks To Mark Dessalines' Assassination

FL1710201594 Port-au-Prince Signal FM Radio in French 1700 GMT 17 Oct 94

[FBIS Translated Text] Haitian President Jean-Bertrand Aristide stepped out of the presidential palace today, two days after returning from exile and one day after rumors of an assassination attempt by General Jean-Claude Duperval. The Haitian head of state addressed the nation on the anniversary of Jean-Jacques Dessalines' death. The president, who was dressed in white with a blue and red sash, was seated inside a bulletproof enclosure on the steps of the presidential palace, surrounded by General Duperval, resigning Prime Minister Robert Malval, and the rest of the government team:

[Begin Aristide recording] We pay homage today, 17 October 1994. Illuminated by the spirit of greatness of the homeland's founders, guided by the spirit of Dessalines, matured by the principles of the democratic ideal

[word indistinct] by reconciliation, a modern and prosperous nation. May the light of peace, justice, and reconciliation shine forever over our homeland. [end recording]

Aristide was later spotted seated next to resigning Prime Minister Robert Malval in the back seat of a car making its way through cheering crowds to the museum at the National Pantheon, where the remains of Jean-Jacques Dessalines—the father of Haitian independence, whose assassination in 1806 is being marked today—are buried. The presidential car had to leave from the back of the palace after the crowd of about 1,000 people prevented it from leaving the first time.

President Jean-Bertrand Aristide noted in his address that Jean-Jacques Dessalines's assassination was the first attempt to destroy the Haitian nation. President Aristide highlighted the need to build a state of law. He said, quote, let us build a prosperous and modern nation through reconciliation.

The anniversary of Dessalines's assassination holds special meaning for President Aristide's supporters, who fear greatly for his life. An important security device is in place, proving that the United States—which deployed 20,000 men in Haiti to help Aristide return to power on 15 October after three years in exile—does not want to take any risks with Father Aristide's security. U.S. soldiers dressed in combat uniforms took up positions on the lawn in front of thousands of spectators, while armored cars blocked the gates. About 10 U.S. military policemen and U.S. Secret Service officers took up positions on either side of the bulletproof enclosure at the top of the steps. A uniformed orchestra and 20 Haitian presidential guard members stood on the lawn to honor President Aristide.

Demonstrators Want Duperval Dismissed, Army Dismantled

FL1710182194 Kingston RJR Network in English 1700 GMT 17 Oct 94

[FBIS Transcribed Text] Reinstated Haitian President Jean-Bertrand Aristide today began his first working (?week of his new administration) in office after commotion over an alleged coup attempt, underlying continuing tension in that Caribbean nation. Yesterday, thousands of demonstrators, mainly from low-income neighborhoods in the capital, took up positions outside the presidential palace after rumors spread that U.S. soldiers stationed there had arrested General Jean-Claude Duperval, interim commander in chief of the Haitian Army. Duperval was said to be in possession of arms and grenades as he arrived at the palace for a meeting with President Aristide. The demonstrators, who were armed with sticks and machetes, called for the dismissal of Duperval and the dismantling of the army.

Port-au-Prince Mayor Views Prospects for Democracy

AU1710153294 Berlin NEUES DEUTSCHLAND in German 14 Oct 94 p 7

[Interview with Port-au-Prince Mayor Evans Paul by Erwin Dettling in Haiti; date not given: "Until Now Bandits Laid Down the Law in Haiti"]

[FBIS Translated Text] [Dettling] Mr. Paul, you came out of hiding two weeks ago and have assumed your office of mayor once again. What have you achieved so far?

[Paul] I have a chair and a desk I can sit down at. We were left with an empty, foul-smelling building in the city and a typewriter without a ribbon. There was nothing. We are working 24 hours a day so that we can function when President Aristide comes back from exile on 15 October. Everyone is helping out. We do not have a budget. Everything that you see in my office has been brought from home or by friends.

[Dettling] Is City Hall going to receive any money from the U.S. occupying force to carry out repairs to the building?

[Paul] There have only been promises so far. The bureaucratic machine has to be set in motion first. We cannot rely solely on international assistance.

[Dettling] What kind of program of action do you have for the city?

[Paul] We have to improve the wretched living conditions for the citizens immediately. That is to say that the citizens want running water, health centers, housing, work, sufficient food, and peace and order. Then, we want to reorganize the structure of the city administration. Without structures and solely by directing things from above, we will not accomplish anything.

[Dettling] Are you afraid that the opponents of democracy in Haiti will try to infiltrate President Aristide's government and your City Hall administration?

[Paul] The military, which has now stepped down, has been terrorizing citizens for the past three years. We are now witnessing a new form of terrorism. People have infiltrated President Aristide's Lavalas movement and have nailed democratic colors to their mast. We know that these people are not democrats. They are being manipulated by anti-democratic manipulators. We are in the process of isolating these people.

[Dettling] What does democracy mean to you?

[Paul] Democracy is there for everyone, including our political opponents. Democracy cannot be allowed to descend into anarchy. That is why I must appeal to what remains of the Haitian Army to keep the situation under control.

[Dettling] Would a civilian police force not be better suited to the task?

[Paul] We need a city police force. However, it should work together with the army to guarantee peace and order.

[Dettling] Do you think that Haiti needs an army? Is an army not too expensive?

[Paul] Haiti does not need an army that acts in an arbitrary fashion and suppresses the population. We need the kind of army that is envisaged by the Constitution, one whose members should assist in developing the country. That kind of army does not need the heavy weapons and expensive equipment that are only required by putschists.

[Dettling] Will there be acts of violence and revenge after Aristide returns?

[Paul] I will do all that I can to ensure that such things will not occur. We will not allow public order to be disrupted by manipulators or those who are being manipulated. Haiti wants peace.

[Dettling] When I listen to what Haitians say, they strike me as being remarkably moderate. However, they act in a way that verges on the fanatical. Is that not very dangerous?

[Paul] Haiti with its 7 million inhabitants has immense problems. The Haitians have become very politicized. There are bandits in every society. Up till now, bandits have laid down the law in Haiti. The bandits have created a catastrophe in our country and left behind chaos. They still believe that they are untouchable. They know that institutions are weak. Nevertheless, I do not believe that the Haitian people are inclined to war.

[Dettling] Do you believe that President Aristide can control many Haitians' virulent readiness to engage in violence and revenge when he comes back to Haiti?

[Paul] Aristide is like any other person. He cannot control everything. Against the current background, it is important that solid institutions should develop in Haiti as quickly as possible. Without such institutions, there will be no law and order in Haiti. President Clinton cannot control all the criminal elements in his own country.

[Dettling] Does Haiti not face the same threat as Nicaragua and El Salvador? Now that these two states, which were plagued by civil war, have disappeared from the headlines, they have largely been forgotten by the international community?

[Paul] Haiti is one of the oldest states in the New World. I regret that our country has twice been occupied by U.S. troops this century. We have to act on the basis of that experience. We are receiving assistance from friendly states. However, we have to learn that we cannot rely on that assistance indefinitely. We have to grow up and get

the idea out of our heads that the international community will provide us with long-term assistance unconditionally.

[Dettling] Most supporters of President Aristide believe that it will not be possible to achieve a reconciliation between the opposing camps in Haiti without justice being exercised. What are your views on that?

[Paul] It is normal for citizens to react that way. However, we must remain realistic. We are living in an unstable country that lacks solid institutions. How can you ensure that an amnesty is observed under the circumstances? Who can enforce the law in Haiti? I propose that a truth commission should be established in order to shed light on the crimes committed by the putschists. I would also propose a moratorium during which no one would be held to account for the human rights violations of the recent past. We not only have to think about justice, amnesties, and forgiveness, but also about positive action for the victims of these years of dictatorship. I am thinking, for example, of homes for children who have become orphans during the three years of the Cedras dictatorship.

[Dettling] How do you personally view your future? Do you want to become President Aristide's successor one day?

[Paul] I have been and am a candidate for only one thing: democracy. I do not crave power. At the present time, it is absurd to discuss the question of succeeding Aristide. We have to start by implementing democracy in Haiti and setting a date for the elections.

Bahamian Defense Force Officers Arrive

FL1710180494 Nassau Bahamas Radio Network in English 1700 GMT 17 Oct 94

[FBIS Transcribed Text] Bahamian Defense Force officers have started peacekeeping duties in Haiti. The Bahamas contingent arrived in Haiti from training in Puerto Rico yesterday. Jerome Sawyer reports:

[Begin Sawyer recording] The Bahamian Marines, led by Senior Lieutenant (Scavala) and Senior Lieutenant Clark, will join other Caricom [Caribbean Community] members of the multinational force formed in compliance with UN Security Council Resolution 940 on Haiti who are already in Haiti. The Caricom contingent, under the command of Jamaican Lieutenant Colonel Graham, has been deployed to security duties in the port of the Haitian capital, Port-au-Prince. The deployment of the Bahamian forces fulfills the Bahamas' commitment to contribute 30 Defense Force officers to the multinational force in Haiti immediately following the departure of the Haitian military leadership and the return of President Jean-Bertrand Aristide to Haiti. Haitian Lieutenant General Raoul Cedras and Brigadier General Philippe Biamby resigned their posts in the Haitian military last week and flew to exile in Panama on Thursday, 13 October, making way for the return of the democratically elected president of Haiti, Jean-Bertrand Aristide, yesterday. A contingent of Bahamian police are also scheduled to serve in Haiti as part of the larger UN peacekeeping force to be deployed in support of the restored Haitian democracy and to bolster the development of democratic institutions in Haiti. The time for the deployment of the peacekeeping force is not yet finalized. [end recording]

Tello: Resolution 187 Creating 'Delicate Situation'

PA1810040794 Mexico City Radio ACIR Network in Spanish 0150 GMT 18 Oct 94

[From the "ACIR Radio News" newscast]

[FBIS Translated Text] Foreign Relations Secretary Manuel Tello has commented on the delicate situation faced by the legal and illegal immigrants of Mexican origin, a situation that will worsen if the dreadful Resolution 187, which would limit our fellow citizens' access to health and education services, is approved. The resolution will compel U.S. public officials to report illegal workers. If the officials fail to report them, they will be committing a crime. If this clearly xenophobic and discriminatory proposal is approved, our immigrant workers and all Mexicans who want to travel to California will face many problems. Eva Galvan has the story:

[Begin recording] [Galvan] Good evening. Foreign Secretary Tello today said the situation in the state of California regarding Pete Wilson's Resolution 187, which denies health and education services for the children of illegal aliens, concerns the Mexican Government, because other border states could implement similar resolutions and because relations with California could be affected. Tello, who termed the situation delicate, said he is in contact with border communities and believes the Californian people will be intelligent and reject this initiative. He added, however, that if it is adopted, nothing will be normal anymore. This is what Tello said:

[Tello] California voters will vote on this resolution on 8 November. We are in contact with communities in California, and we believe it is a delicate situation. We still believe that the common sense and intelligence of the Californian people will prevail on election day and that this resolution will not be passed.

[Galvan] Foreign Secretary Tello sternly said that enforcing this resolution in other states is risky and that [words indistinct]. He emphasized that there is no indication that other states will follow suit, but he remains alert. He announced he will not meet with California Governor Pete Wilson. [end recording]

Brother of Gulf Cartel Chief Under Investigation

PA1610133694 Mexico City XEW Television Network in Spanish 0430 GMT 15 Oct 94

[From the "24 Hours" newscast]

[FBIS Translated Text] Humberto Garcia Abrego, the brother of Gulf Cartel chief Juan Garcia Abrego, will be in the custody of the Attorney General's Office [PGR] in Matamoros for 30 days. The PGR has reported Humberto Garcia Abrego is being investigated for crimes against public health.

Drug-Related Executions Drop in Tamaulipas

PA1510000094 Mexico City EL FINANCIERO in Spanish 12 Oct 94 p 32

[Article by Jaime Aviles; all figures as published]

[FBIS Translated Text] The significant reduction in the number of drug-related executions suggests that of every four distributors of illegal drugs who were violently killed last year, only one is being killed this year. According to a specialist, the criminal groups from the northeast have been delimiting their areas of influence more accurately and, above all, "have substantially improved their relations with the police."

Moreover, according to local journalists, Matamoros has stopped being the primary center of operations of the Gulf Cartel, which has been carrying out most of its activities in Reynosa, Nuevo Laredo, and Ciudad Miguel Aleman. "Drugs are being smuggled in large quantities through those border posts, because Matamoros has been used exhaustively."

Deaths in Figures

According to unofficial information collected by a group of independent researchers who asked to remain anonymous, a total of 73 persons were killed in the Tamaulipas border area in 1990, 69 of whom were males and only four of whom were females.

The police were able to identify 35 of them, but they were never able to find out the names or the place of origin of the 34 remaining bodies. A total of 18 bodies showed signs of violence typical of that carried out by drug traffickers.

In 1991, a total of 96 bodies were picked up; 87 were males and nine were females. The authorities were able to identify 59 of them, but 37 remained unidentified. Only 13 were victims of drug traffickers.

In 1992, a total of 128 bodies were found in the area and even though there is not much information in this regard, the records show that the reasons for their deaths were: "drowned trying to cross the Rio Bravo and murdered by drug traffickers."

In 1993, the classification methodology was substantially improved. A total of 71 of the 219 bodies found died in Matamoros, 64 in Nuevo Laredo, 51 in Reynosa, eight in Ciudad Miguel Aleman, 10 in Rio Bravo, eight in Valle Hermoso, five in Ciudad Camargo, and two in Ciudad Mier. Of these, 205 were fully identified, 14 were never identified, and one was simply a skeleton. As for the way they died, a total of 147 of them sustained bullet wounds, 32 were stabbed, 28 were beaten to death, six were hanged, and four of them were drowned.

As for the 85 who were killed by drug traffickers, 22 of them were killed in Matamoros, 37 in Nuevo Laredo, 11

in Reynosa, seven in Ciudad Miguel Aleman, five in Rio Bravo, three in Ciudad Camargo, and one in Valle Hermoso.

As for the actions carried out by the police, a total of 153 persons were arrested for allegedly being responsible for 113 homicides, 67 cases remained unresolved, and 55 individuals remain at large. The fugitives have been fully identified as the perpetrators of the 39 remaining crimes. Those were the figures for 1993.

During the first 10 months of the current year, of the 162 persons who have been killed up to date, 45 lost their lives in Matamoros, 60 in Nuevo Laredo, 40 in Reynosa, one in Ciudad Aleman, six in Rio Bravo, three in Valle Hermoso, three in Ciudad Camargo, 0 in Ciudad Mier, two in Ciudad Diaz Ordaz, and two in Nuevo Guerrero.

A total of 157 were identified, four were unidentified, and one of them was nothing but a skeleton. A total of 97 were shot dead; 33 were stabbed to death; 24 were beaten to death; three were hanged; and two were drowned. As for the drug trafficking-related cases, 15 took place in Matamoros, six in Nuevo Laredo, three in Reynosa, two in Ciudad Camargo, one in Rio Bravo, one in Nuevo Guerrero, and no cases both in Valle Hermoso as well as in Ciudad Aleman.

The police arrested 120 persons who were allegedly responsible for 87 homicides, there are 58 fugitives involved in 42 cases, and 30 cases remain unresolved.

According to experts, in order to understand the reasons behind the reduction in the number of murders among the distributors of illegal drugs, the important question to ask is: Why are drug traffickers killing each other?

Not long ago, the police in Matamoros intercepted a shipment of 300 kg of cocaine with a market value of \$3 million. The commercial bust for the Juan Garcia Abrego organization rapidly led to bloodshed: seven men were killed in unmistakable circumstances. One was found with his head bandaged like a mummy, his wrists were tied behind him, and his body was riddled with bullets. Two others were shot to death with an AK-47 submachine gun in the backyard of the Mocambo Restaurant in broad daylight and 500 meters from the international bridge, while the remaining four were killed by unspecified means.

The difference between a crime perpetrated by drug traffickers and a crime of passion, or a crime caused by a brawl, or a crime of revenge perpetrated by a common citizen while temporarily insane, or one involving inexperienced thieves is, essentially, the viciousness that characterizes drug trafficking crimes. Other distinctive features could include arrogance, treachery, and cynicism.

"When these kinds of people have to settle their problems, they do so openly on the streets, in front of policemen or anyone, as if to show they are above all," a

journalist said. "They often announce who will be killed for trying to outwit them and proceed to do so," he added.

Homicides are committed with monumental sadism: as a means to convey a message, to brand victims with the organization's evil mark. They are first tortured, then riddled with bullets, and then thrown into a river with trailer wheels tied to their feet, or left in deserted areas. That is what people from here have said.

The Case of the City of Aleman

The City of Miguel Aleman, one among a handful of ugly towns located midway between Nuevo Laredo and Reynosa, is inexplicably becoming a border pearl. Huge houses appear here and there with gaudy aluminum moldings painted in gold and roofs crowned with satellite dishes as if to reflect a particular and unfortunate narco-style, an unmistakable narco-architecture.

Where do the people of this dull place in the middle of the desert get money to reflect such expressions of bad taste associated with wealth? A bimonthly publication from Reynosa called MULTICOSAS, run by journalist Hugo Ramos, reported that two years ago, the Federal Judicial Police commander in charge of border surveillance at Miguel Aleman City received the unexpected visit of his immediate superior.

The demand was clear. "I need \$600,000 right this moment." "But chief, banks are closed." "Do something because I need that money now." The truth is that despite all difficulties, the commander's request was happily met.

A review of death statistics of recent years show that Miguel Aleman City has one of the lowest death rates in relation to the importance it has acquired for the cocaine, marijuana, and crack markets. Drugs flow feverishly through this city to and from the United States and police tolerance toward this cartel is similar to that enjoyed by smugglers of beans and appliances.

According to the experts, large volumes of the powder and weed leave the country through Miguel Aleman City, Reynosa, and Nuevo Laredo, while Matamoros is now at the mercy of small-time couriers, who cross the border with discreet packages containing 5 kg at the most. Small-time smugglers are often arrested at customs offices by agents "who noticed their nervousness," when in fact they were denounced by the agents of the big capos of the cartel to help improve the deteriorated image of that indispensable partner in drug trafficking: the police, whose actions serve, above all, to keep the price of the merchandise high.

Roundup of Economic Developments

PA1710234594

[FBIS Editorial Report] The following is a compilation of reports on economic developments in Mexico monitored through 17 October 1994.

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Business leaders have said that despite overall growth in the industrial sector, the shoe-manufacturing and furniture industries have declined. Victor Terrones, president of the National Association of Manufacturers, explained that only 80,000 new jobs will be created in the industrial sector this year.

Meanwhile, the president of the Confederation of National Chambers of Commerce, CONCANACO, said a 1.2- to 1.5-percent increase in retail sales is expected by the end of the year. In addition, the general director of the Mexican Cement Company concluded that the economic objectives for this and next year will be achieved and predicted a 4.5-percent growth rate for 1995. (Mexico City EL FINANCIERO in Spanish 9 Oct 94 p 4)

Mexico's international cash reserves have dropped \$8.3 billion this year to approximately \$16.2 billion, according to reports from Bank of Mexico. This amount, which equals 80 percent of the interest paid on the foreign debt in 1993, was used in the first half of 1994 to correct the imbalance in the balance of payments. According to Bank reports, cash reserves reached about \$28.6 billion in February. The first drop occurred at the end of March following the capital flight prompted by the assassination of Luis Donaldo Colosio. (Mexico City LA JORNADA in Spanish 10 Oct 94 pp 1, 50)

Direct foreign investment in Mexico during the six years of the Salinas administration totaled \$34.9 billion. This is a 144-percent increase over investments during the previous administration. The opening of the securities market to foreign capital paved the way for greater foreign investment. Between 1989 and 1994, direct foreign investment in Mexico grew an average 25.9 percent. Authorities say that if this growth rate is maintained, Mexico could receive \$44.6 billion in foreign investments in the next six-year term. (Mexico City EL FINANCIERO in Spanish 10 Oct 94 p 5A)

Economic experts have said the administration's anti-inflation and economic adjustment policies have not only affected the purchasing power of workers but also that of chief executive officers. Experts noted that between 1993 and 1994, executive salaries grew only 5 percent. (Mexico City EL FINANCIERO in Spanish 11 Oct 94 p 12)

Abelardo Curbelo Padron, Cuban ambassador to Mexico, has said that 90 percent of Mexican investments in Cuba come from businessmen in Nuevo Leon State. The diplomat asserted that the Nuevo Leon-based group Vitro will open a glass manufacturing plant in Cuba. He explained that this plant will be run jointly by the Cuban Government and the Mexican business group. According to the Cuban official, the plant will be set up in Las Tunas Province. He added that Mexican businessmen and the Cuban Government are negotiating to create a mixed telecommunications corporation. The official concluded that Cuba has an unfavorable trade balance with Mexico as it exports \$20 million worth of

goods annually and imports \$300 million. (Mexico City LA JORNADA in Spanish 11 Oct 94 p 47)

Madrid EFE reports in an 11 October Mexico City-dated item citing Mexican Petroleum, PEMEX, that petrochemical production in Mexico increased 9 percent in the first eight months of the year compared to the same period last year. PEMEX said 12.5 million tons of petrochemical products were manufactured during said period, thus guaranteeing the supply of raw materials to the Mexican market for industrial processes. (Madrid EFE in Spanish 1934 GMT 11 Oct 94)

Luis German Carcoba Garcia, president of the Business Coordinating Council, said yesterday that although Mexico will experience a 4-percent growth rate for 1995, it will not be able to create even half of the estimated 1 million jobs required. Carcoba said: "We need a minimum 6-percent growth." Growth is estimated at 2.5 percent for 1994 with 200,000 new jobs expected. (Mexico City LA JORNADA in Spanish 11 Oct 94 p 43)

A study by the Economic Commission for Latin America concluded that the judicious handling of public finances, a monetary policy designed to strengthen the inflow of foreign capital to finance the growing deficit, and the explicit support of the U.S. Treasury to the Bank of Mexico helped avoid a critical weakening of the Mexican currency despite massive capital flight between February and July and a difficult postelectoral period. (Mexico City UNOMASUNO in Spanish 12 Oct 94 p 19)

CONCANACO President German Gonzalez Quintero said inflation will reach 6.4 percent this year. Gonzalez said the goal of 5 percent inflation will not be achieved due to the violent incidents in Mexico, although it did fall from 8.1 percent, which is significant. He also said that the incoming administration's biggest challenge will be job creation. (Mexico City XEW Television Network in Spanish 12 Oct 94)

The Japanese ambassador to Mexico said Japanese businessmen are eager to invest in Mexico given its sound economy. He added that Japanese investments in Mexico total over \$3 billion. (Mexico City XEW Television Network in Spanish 12 Oct 94)

Ruben Barrios Graff, president of the National Association of Business Leaders, told UNOMASUNO that the majority of micro, small, and medium industries—which make up 97 percent of the nation's productive sector—are virtually bankrupt with no working capital. This is because the current administration "did not implement a structural correction of the economy, and it will be difficult for these industries to overcome the serious crisis if the incoming government continues to follow the neoliberal model," he stated. (Mexico City UNOMASUNO in Spanish 13 Oct 94 pp 1, 14)

Mexican Banking Association President Roberto Hernandez affirmed that interest rates have risen to their

highest level, but he expects them to drop to the 9-percent rate registered last February. (Mexico City EL FINANCIERO in Spanish 13 Oct 94 p 4)

By the end of the current administration's six-year term, revenues from the export of Mexican crude are expected to drop 35.7 percent compared to the amount earned over the previous six years. Revenues will go from approximately \$65.6848 billion to \$42.2401 billion at the close of 1994. PEMEX expects to earn this year approximately \$6.580 billion from the sale of 337,000 barrels of crude per day. (Mexico City EL FINANCIERO in Spanish 13 Oct 94 p 35)

PEMEX announced yesterday that prices for export crudes to Mexico's customers on the American continent in August averaged \$15.61 per barrel for the Istmo type, \$12.17 a barrel for the Maya type, and \$16.18 a barrel for the Olmeca type. The average price on this market was \$16.61 per barrel for light crude, \$13.64 per barrel for heavy crude, and \$17.56 per barrel for extra light crude. (Mexico City LA JORNADA in Spanish 14 Oct 94 p 47)

According to an economic analysis performed by EL FINANCIERO newspaper with figures provided by the Bank of Mexico, exports during the current administration increased an average of 11 percent annually from 1989 to this year. Imports, however, rose 301.1 percent, meaning that \$32.803 billion was spent purchasing goods abroad. (Mexico City EL FINANCIERO, ANALISIS Supplement, in Spanish 14 Oct 94 p 3a)

According to a study conducted by the Bank of Commerce Financial Group, the emergence of "violent incidents" in late September led to the reappearance of economic uncertainty and, consequently, to a decrease in the amount of capital entering the country, which will

continue until year's end. The study concluded that the impact of the reduction in the inflow of foreign capital will be "short-lived." The study adds that the assassination of Jose Francisco Ruiz Massieu, secretary general of the PRI, once again created uncertainty in the exchange rate market, which could lead to a weakening of the peso with regard to the U.S. dollar. (Mexico City LA JORNADA in Spanish 14 Oct 94 p 44)

Pedro Aspe Armella, finance and public credit secretary, has said that economic growth for 1994 will be 2.8 percent, not 3 percent as the government predicted. Aspe made the statement during the closing ceremony of the International Domestic Trade Congress organized by the National Domestic Trade Bank. Aspe said the Mexican economy is in full recovery, noting that inflation is dropping, public finances are in order and without a deficit, and the private sector has learned to compete by increasing productivity and real wages. (Mexico City EL FINANCIERO in Spanish 14 Oct 94 p 26)

The Mexican Central Bank has reported that Mexican exports to Ecuador tripled between January and July of this year compared to the same period last year. Mexico exported \$67.3 million in products to Ecuador between January and July of this year as opposed to \$21.4 million exported last year. (Mexico City NOTIMEX in Spanish 1555 GMT 14 Oct 94)

The Canadian firm Telelobe and the Mexican company Radio Beep announced here today the creation of a company called Marcatel, which will provide telecommunication services between North America and Europe. Radio Beep executive Gustavo de la Garza said a total of \$1.5 billion will be invested in this project, \$600 million of which will be invested by U.S. associates IXC Communications and Westel. (Mexico City NOTIMEX in Spanish 1701 GMT 14 Oct 94)

El Salvador

Envoy on Efforts To Avoid Deportations From U.S.

PA1810041894 San Salvador Canal Doce Television in Spanish 0100 GMT 18 Oct 94

[Report by Beatriz Belloso; from the "Up-to-Date" newscast]

[FBIS Translated Text] The 287,000 Salvadorans living in the United States illegally must leave no later than 31 December. Their return is a source of worry because the country survives economically thanks to the money these fellow Salvadorans send to their families.

The Legislative Assembly Foreign Relations Committee summoned Ana Cristina Sol, Salvadoran ambassador to the United States, to learn of the efforts being made to avoid a massive deportation.

[Begin Sol recording] The Foreign Relations Committee wanted to know not only about this case but about the various things the embassy was doing and to find out how the legislative branch could work with the executive branch to support the president and request an extension. [end recording]

Illegal Salvadoran immigrants are also worried about the 8 November vote in the U.S. Congress on whether education and medical services should be suspended for illegal aliens. The Salvadoran ambassador said Salvadorans need not worry because she is sure that the contact President Armando Calderon Sol has had with the U.S. authorities has yielded positive results. According to the diplomat, the Clinton administration is not against the illegal aliens.

[Begin Sol recording] Everyone must continue to struggle to get this extension granted. I believe the Clinton administration is well disposed toward it. They must also take into account public opinion, and that is where we can all help to ensure that the public image of our compatriots is favorable. [end recording]

For the time being, we can only wait for the U.S. Congress to decide whether to extend the permit for Salvadorans to stay in the United States.

Finance Minister on Use of Confidential Funds

PA1710172194 San Salvador Canal Doce Television in Spanish 0300 GMT 15 Oct 94

[From the "Up-to-Date" newscast]

[FBIS Translated Text] Finance Minister Ricardo Montenegro has said the Presidency has exclusively responsibility for the confidential funds. Nevertheless, this issue is [words indistinct] by the Finance Ministry upon the request by the president, who confidentially requests the funds for use according to his needs. The name of the

individual authorized to disburse the funds is disclosed after this procedure is carried out:

[Begin Montenegro recording] These funds are used in amounts for expenses that are relatively small in comparison to the Presidency budget; in addition, the [word indistinct] Court of the Republic has the power to verify the use of these funds. [end recording]

According to the finance minister, the [word indistinct] use of the confidential funds depends on the good sense of the president, who handles the funds as he sees fit for expenses he may believe are not meant to be public knowledge. The president of the [word indistinct] Court has the power to request that the president give an explanation on what [words indistinct] the funds:

[Begin Montenegro recording, in progress] ...are used for state engagements. These are used for various things; for example, they can be used for.... [pauses] They are used to pay for certain improvements which the president may consider appropriate, which he may need. [end recording]

The confidential funds not used by the president are for state use. According to Montenegro, funds in the nation's budget are earmarked. Contrary to what is happening in other sectors, as when Calderon Sol took office, the amount of the confidential funds has tended to decrease, as the president has requested that services such as security and others be included within the Presidency budget.

Former President Accused of Tax Evasion

PA1610003694 San Salvador Canal Doce Television in Spanish 0300 GMT 15 Oct 94

[Report by Edwin Gongora; from the "Up-to-Date" newscast]

[FBIS Translated Text] Controversial political analyst Kirio Waldo Salgado once again decided to renew his anti-corruption campaign. On this occasion, Salgado accused former President Alfredo Cristiani of spending more than 9 million colones in one single day from a special classified budget assigned to the presidency of the Republic.

During an "Up-to-Date" newscast interview, Kirio Waldo Salgado disclosed several photocopies which, according to him, are evidence that former President Alfredo Cristiani improperly used funds from a special classified budget.

The documents also implicate former Presidency Private Secretary Arturo Tola and former Communications Secretary (Ernesto Abschull).

The controversial lawyer also pointed out that the funds were used to buy political favors from Generals Juan Orlando Cepeda and Rene Emilio Ponce.

[Begin Salgado recording] I wonder if Generals Ponce and Cepeda, who are making much ado about the former president of the Republic, were not also included in one of those items and did not also receive funds from the special classified budget. On 4 January alone, on that single day, President Cristiani withdrew 9.5 million colones in public funds. The documents I have only cover transactions from 4 January. [end recording]

Salgado also indicated that between January and May 1994, Cristiani, who was still president at the time, spent more than 75 million colones in public funds by illegally using the classified funds.

With respect to investigations into the Certeza case, Kirio Waldo pointed out that the investigation launched by the Office of the Prosecutor General has been channeled in the right direction because the auditors have not provided the necessary clues to effectively determine whether or not there was any tax evasion.

Salgado asked how it was possible that a company that normally declares losses totalling 528,000 colones could now suddenly declare a net worth amounting to 98 million colones. According to the lawyer, there can only be one answer.

[Begin Salgado recording] Any individual with a limited accounting knowledge, could easily detect that what we are dealing with here is either tax evasion or illegal enrichment. The prosecutor general must not only launch an investigation into Certeza, but must also investigate (Rigaser), as well as Maquinarias y Equipo. These three companies tend to transfer capital between each other to conceal alleged tax evasion activities. [end recording]

During the "Up-to-Date" interview, the president of [words indistinct] strongly criticized the P-11 [National Resistance] and ERP [People's Revitalizing Expression] deputies. According to Salgado, these deputies decided to barter their principles for profit without stopping to consider the cost of their actions.

Guatemala

Minister on U.S. Approval of Interim Trade Program

PA1810034594 Guatemala City SIGLO VEINTIUNO
in Spanish 16 Oct 94 p 5

[Report by Luis Ixbalanque de Leon—passages in italics as published]

[FBIS Translated Text] Foreign Minister Maritza de Vielman has reported that the U.S. Government has invited the economics ministers of the continent to a meeting on 26 October to discuss the agenda of the hemispheric summit to be held in Miami at the end of the year.

The purpose of this meeting is to express the Clinton administration's political resolve to make NAFTA a Latin American trade agreement.

Chile is the first country that could initiate talks about a free trade agreement as it has displayed economic progress, according to official reports.

The U.S. president, however, no longer has the *fast-track authority* from Congress under which he can submit trade agreements, among other things, and the legislative branch only accepts or rejects such initiatives but does not make any amendments to the document.

The members of the Caribbean Basin Initiative, including Guatemala, expected that the U.S. Congress by that time would have approved the Interim Trade Program which would give the mentioned countries the same conditions enjoyed by Mexico for importing clothing and textiles to the U.S. market.

Vielman also announced another meeting. *We foreign ministers are already requesting a meeting for 28 October. We want to reinforce our position and make a comprehensive presentation so the U.S. Administration is aware that we need its support for the democratization and reconciliation of the region, which includes a commercial component, she asserted.*

The foreign minister said the bases for initiatives to further the Interim Trade Program's approval is Vice President Al Gore's emphatic statement that the Program has not been left outside the initiatives the Clinton administration will send to Congress.

The foreign minister said that now we must present the reasoning that will serve as the foundation for that goal, not only so the U.S. Congress will approve it on the first try but so the U.S. Government puts all its efforts into ensuring this.

The U.S. Government has promised the members of the Caribbean Basin Initiative that it will present the Program to Congress for approval in January 1995.

Nevertheless, predictions indicate that the Democratic Party will be defeated in next month's congressional elections, which would mean that President Clinton will have less room to maneuver.

In this respect, the foreign minister stated that *once the next U.S. Congress is installed, it is possible that the countries in the region will make a proposal not only with respect to the Interim Trade Program but also to other trade programs in which the region participate to compensate for NAFTA's adverse effects. These programs should be based on bipartisan efforts.*

In other words, the minister continued, the two congressional parties should adopt this initiative as part of their agenda so approval can be faster in the next legislative session, just as it was in the case of past programs.

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"Over the next week we will be evaluating, together with the economics ministers, the content of the law and making an overall effort that must be accompanied by the appropriate lobbying, she stated.[no closing quotation mark as published]

The foreign minister added that it is very difficult for the Interim Trade Program to be debated by the U.S. Congress at the same time as the Generalized System of Preferences which would take us to July. That is why we must search for another opening to access the initiative.

Minister: Debt-for-Ecology Swap 'Not Viable'

PA1510121094 Guatemala City PRENSA LIBRE in Spanish 14 Oct 94 p 100

[FBIS Translated Text] The swap between foreign debt and ecological investment is not viable for a nation like Guatemala, which has great financial credibility internationally, Foreign Trade Minister Eduardo Gonzalez said yesterday. Gonzalez participated in the Central American Ecological Summit held Wednesday [12 October] in Managua, Nicaragua.

The minister made the aforementioned statements because in recent years, creditor nations have forgiven the foreign debt of debtor nations, provided they implement environmental and natural resources protection programs.

In this regard, Gonzalez explained Guatemala's debt is very small, will be repaid in the long term, and was contracted at very convenient rates.

Additionally, the minister noted that Guatemala has a tradition of faithfully fulfilling its financial commitments, which gives it great international credibility and increases the international rating of its debt.

Minister Gonzalez asserted that some countries have been able to make such deals because of the size of their foreign debt and the fact that they do not have much credibility internationally.

Luckily, Guatemala does not have to conduct a debt-for-ecology swap, unless foreign financing was contracted and no payments were made.

President Speaks at Supreme Court Ceremony

PA1510045094 Guatemala City Teleonce Television in Spanish 1900 GMT 13 Oct 94

[Speech by President Ramiro de Leon Carpio at the swearing-in ceremony of the new Supreme Court justices at the Legislative Palace in Guatemala City on 13 October; from the "Telepress" newscast—recorded]

[FBIS Translated Text] Today is a memorable day in our nation's history because the process of institutional rescue initiated in 1993 is concluding. The goal was to restore the nation's faith in democracy, thereby continuing with the struggle to end dishonesty in the justice

system, to end influence peddling and corruption in public administration. This concludes a political process in which all Guatemalans of good will are involved. We are participating in an unprecedented event in Latin America; that is, to achieve without violence or blood the defense of the nation's democratic system and to give new strength to it.

On 25 May 1993, there was an attempt to turn back the nation's clock; however, we Guatemalans went out on the streets to protest peacefully, legally, but firmly. We were able to save the process initiated 10 years ago. The people, however, did demand a purge of the state's institutions, and I understood this when I assumed the nation's presidency.

The purge to be carried out was so substantial that many persons and sectors demanded—even publicly—the use of force for the immediate eviction of the deputies, the removal of the justices' privileges, and the incarceration without due process of the most notoriously corrupt personalities of the [word indistinct] institutions. I must confess, it was a very big temptation; it was a swift solution with short-term results. But I, a man of the law—member of the Constituent Assembly, former president of the Commission of the 30, and alternate president of that historical [word indistinct] of willingness and qualifications that drew up our Constitution—how could I throw by the wayside my principles, faith, respect for the law, and the rule of law. It did not [word indistinct] on my decision. Undoubtedly, the strict respect for the Constitution and taking into consideration the people's will to act in keeping with their mandate to legally modify the legal framework and thereby be able to satisfy the people's will was a longer and more perilous road.

As we all know, my decision was harshly criticized. My decision was attributed to weakness [words indistinct] in leading the state. Nevertheless, I knew: where we were taking the nation. What is more, the Constitution has been reformed to better serve the nation's interests through the elimination of privileges, thereby combating corruption and impunity. Today, a new Congress has been installed. We have been given the opportunity and the satisfaction of attending the swearing-in ceremony of the honorable justices of a new Supreme Court of Justice, elected unanimously by this high ranking state institution. History gives credit to all of us Guatemalans who had faith in the legal system and in the system.

We have traveled on this difficult road to achieve what the people demanded. Thank God, we were successful with regard to the restructuring and integration of the state institutions. These three branches of state will now have to respect each other's independence, while maintaining the proper interrelationship within the scope of their respective duties. Modern constitutional law requires this in order for each branch to attain its goals, which, in the end, are one and the same.

Now, each one of us—justices, deputies, and officials—must answer to Guatemala through our daily conduct.

[words indistinct] institutions are of no avail if they are not used in the service of the nation. The eyes of the people are turned toward us and it would be very serious if they should suffer another disenchantment.

The last chapter of this process that I have labeled so many times as historic, is being finalized today when the new members of this honorable Supreme Court of Justice are sworn in to their posts to carry out one of the most difficult and important missions within a democratic system. I am referring to the application of the nation's laws in a correct fashion, with equality for all. Democracy does not flourish in a society where the law, as has occurred in Guatemala, is not applied correctly and where there are first and second class citizens instead of all being equal with rights and obligations.

I am convinced—as I said on multiple occasions when I was Human Rights Ombudsman—that there cannot be true respect [words indistinct] for these rights if they are not founded on true justice. This implies that there should be no distinction in their application between rich and poor, Indians and Spanish-Indians, civilians and the military, the weak and the powerful. To sum it up, there should be no discrimination, only plain citizens who are subject to the law and never above it.

As president, as a lawyer, and as a citizen, I am very happy to know the academic and legal quality, and especially the personal quality, of each of the new members of this Supreme Court of Justice. I feel at ease when I see that Guatemalan justice rests on your shoulders. I take this opportunity to respectfully urge you to never forget the importance of your work to consolidate Guatemalans' credibility in republican institutions—institutions to which we all belong as citizens of a free and sovereign country.

Plato, in his immortal work *The Republic*, said that the master work of justice is to appear to be fair without being so. Let us then be fair in heart, spirit, and action. Let us be generous with justice for those who have already lost faith in it, for those full of grief after traveling the long corridors in courtrooms and lawyers' offices without being listened to. Let us ensure that the majesty of the law is surpassed only by the greatness of justice and that the countervailing values which attempt to attack, destroy, and bind it, are destroyed by the strength of a judicial organization that will move ahead to share the common destiny of the new fatherland we all yearn for.

The basic purge has ended and new people are responsible for the three state branches. Those of us who proudly belong to them or preside over them, have the historic obligation to strengthen the institutional credibility, which is regrettably hurt today by the mistakes of men in the past.

I ask Guatemalans not to forget a basic truth: Even though human beings make mistakes, which then affect the institutions, the institutions are essential for the

correct development of our society and are above those who comprise it. That is why there is no such thing as a bad executive branch, or a bad legislative branch, or a bad judicial branch. Simply put, there can be bad presidents, bad deputies, bad magistrates, or bad officials.

Fortunately, democracy has among its postulates mechanisms to make the necessary changes when these men and women fail to fulfill their responsibilities. These mechanisms were used for the first time in our recent history. The result was good, because every society moves ahead when the law is adhered to. Let us not let down our people.

As president of the republic, I ratify my commitment to the country's moral renovation. Guatemala is preparing to end the long and painful chapter of a domestic armed conflict. When peace comes, it will also meet big challenges. One of these challenges will undoubtedly be the correct application of justice, as one of the key pillars of peace, and a firm and lasting democracy. Another big challenge of equal importance is a fair and adequate tax system, because it is the only way this and subsequent governments can receive the funds to continue honestly and openly their task for the benefit of the population and to fight poverty.

The country has been submerged for many decades in abandonment, polarization, and injustice. It is time to put a halt to this. Today, when we have three renewed state organization, this can moment come by a decided action by the state to strengthen the legal state and human rights as a basis for a pluralist and participatory democracy that offers citizens a better quality of life and general expectations.

People speak of corruption, but let us work to fight it. Social injustices undoubtedly occur; let us work in solidarity to attend to our country's levels of poverty. Let us cast away selfishness and let us work for Guatemala. Let us all make it our purpose to attain peace and let us work together to build it. The three state branches face this challenge, but it is not only the government, not only the state as the ruling body, it is up to each one of us as Guatemalan citizens who are part of this country. Hopefully, this opportunity can truly be taken advantage of and we can manage, as other countries have managed, to bring forth a project of a modern and democratic nation in accordance with our social, cultural, and economic reality.

His Holiness Pope Paul VI said the new name for peace is development. That is why it would make no sense to sign definitive cease-fire agreements if we do not establish ways of modernizing Guatemala in all areas at the same time. We cannot ask for the brotherly help of friendly nations if we ourselves fail to demonstrate seriousness and responsibility. We have given one example now, as we complete the reestablishment of the juridical order, which was interrupted on 25 May 1993. Another example must be our will to promote peace. A third example is legal stability at all levels. The fourth is

proper implementation of a modern, technically developed tax system, which should be above all a fair one.

Guatemala is a country that has destroyed its institutional order on many occasions. This has been left behind. It is history. We are now strengthening our institutions, and more importantly, we are doing so through the Constitution and not through violence. Three legitimately renewed branches of state arise, making this process an example for the international community and for ourselves.

Honorable justices of the Supreme Court, the task ahead is difficult. Threats and temptation are the reproachable weapons that corruption employs to intimidate and obliterate the application of justice. You will need courage and integrity, and I know you possess these attributes. That is precisely why you have been selected unanimously by the highest authority of the nation. You have the trust of the people represented here. You also have their demand for full justice. You are the incarnation of great hope and we are sure you will not betray that hope.

The Comptroller General's Office, thanks to the recent constitutional reforms, is now a completely independent institution with its own appointment system. It works under the rule of an academic board, as do the Supreme Electoral Tribunal, the Appeals Courts and the Supreme Court of Justice. The comptroller general has the grave responsibility and extremely important duty to oversee all of us who manage government funds, without distinction of any kind, and apply the full force of the law to ensure that justice prevails. We cannot allow a few to accumulate wealth in a poor country such as ours, within the despicable shadow of corruption. Corruption is the cancer that seeks to destroy the very state and has grown as the worst enemy of Latin America's democracies. It is embedded in the public sector as the corrupted and in the private sector as the corruptor.

Let me recall the words of Jose Vasconcellos, who affirmed that the real human tragedy lies in the divorce of justice from power. As the representative of national unity, I ask all those who represent formal or real power to be wise in applying power so that justice may always prevail in Guatemala. Thank you.

Unidentified Attackers Fire at Police Third in Command

PA1710225194 Panama City ACAN in Spanish 2204
GMT 17 Oct 94

[FBIS Translated Text] Guatemala City, 17 Oct (ACAN-EFE)—Benjamin Franco, third in command of the National Police of Guatemala, escaped unharmed today when at least four unidentified individuals in an automobile shot at him, official sources reported.

Police Director Salvador Figueroa told the media that the attackers fired "high-caliber weapons" at Franco's vehicle.

"Thank God we do not have to regret any misfortune," the police chief said, explaining that only the automobile was damaged.

The incident occurred in a heavily populated neighborhood about 7 km north of the capital along the highway leading to the Atlantic coast. Figueroa said.

"We have the plate number, and we hope to find (the attackers) in the next hours," the Guatemalan Police director stated and assured that there are "enough leads" to locate them.

Meanwhile, Deputy Government Minister Alfredo Merida did not rule out that this was an attempt at revenge by criminals who had managed to get free.

Cesar Medina, commander of the National Police's Civil Security Force (FSC), died last week after being shot in the eastern area of the capital.

The motive of the attackers is unknown, but the police director said the institution is investigating a possible connection between the shootings.

Nicaragua

Lacayo Meets With UN Officials

PA1710164294 Managua Radio Ya in Spanish 1200
GMT 17 Oct 94

[From the "Ya Newscast"]

[FBIS Translated Text] Presidency Minister Antonio Lacayo has told UN officials that Nicaraguans must strengthen sustainable development in the ecological, economic, social, and political fields as required by the country so as to guarantee an economic growth rate of 3 percent for next year.

Lacayo spoke to UN officials, members of the government, and Leon University authorities on the occasion of World Nutrition Day. He also visited cooperatives and presented them with documents legalizing their status. The presidency minister placed the cornerstone of what will be the new UN offices in Leon, and he donated a water pump. He also said there is a need to strengthen a Central American alliance for sustainable development, and he announced President Violeta Barrios de Chamorro will create in the next few days a National Sustainable Development Council comprised of various Nicaraguan social sectors.

Lacayo on Property Issue, Constitutional Reforms

PA1410150794 Managua Sistema Nacional de
Television Network in Spanish 0200 GMT 13 Oct 94

[From the "National Newscast"—passages within quotation marks recorded]

[FBIS Translated Text] Presidency Minister Antonio Lacayo denied today having instructed the other

branches of government and even political parties to block the constitutional reforms package. It would be good to hold new talks about the property issue, Presidency Minister Antonio Lacayo said today. According to Lacayo, opposition remains against the established methods of solving the problem:

[Lacayo] "Because there is a greater understanding of the issue, I believe the system will work better. This system will be beneficial for those who want their land deeds and those who want compensation."

He was firm in saying all aid entering the country will be funneled to production. He denied he planned to keep 15 million cordobas of the national budget to pay for an alleged political campaign:

[Lacayo] "First, you cannot run a campaign on 15 million cordobas. You are bound to hear more of such things. You are going to hear such things every day. Not all that shines is gold."

He said there has been increasing division since the presentation of the constitutional reforms package:

[Lacayo] "That is very unfortunate. The country should seek unity to face the real problems: unemployment, poverty, and underdevelopment. These are the real problems facing this country."

He agreed with the position of the Catholic Church, which says no Nicaraguan should be denied the possibility of running for president:

[Lacayo] "The only one who can elect a president in this country is the people. If a candidate, such as Mr. Ramirez, wants to inhibit another from running, I mean to say.... [pauses] Let us see them in a free election, not in a twisted system during a party general assembly."

Lacayo said he was not against the constitutional reforms but, rather, the lack of consensus surrounding the package.

Court Ruling Deepens Divisions Among Government Branches

PA1410220994 Managua Radio Nicaragua Network in Spanish 1200 GMT 13 Oct 94

[From the "News 2000" newscast]

[FBIS Translated Text] Feuding between state branches is increasing. This time the Supreme Court of Justice stabbed the legislative branch by ruling that a package of reforms to the 26 December Budget Law was unconstitutional. The reforms were intended to clarify the administration of public finances.

The Supreme Court ruling was described by the legislative branch as absurd and biased toward executive branch interests.

Neither the executive nor the judicial branch appeared before the Legislative Assembly to express their views on the constitutional reforms, thus deepening the crisis.

Supreme Court President Dr. Orlando Trejos Somarriba, who is inclined toward the Executive Branch, said last night that the court has its own criteria on the constitutional reform draft bill but added that this was not the right time to disclose it. He could not have been more clear.

Panama

Minister: Cedras, Cubans Asset in U.S. Ties

PA1710150594 Panama City EL PANAMA AMERICA in Spanish 17 Oct 94 p A13

[Report by Arnulfo Barroso Watson]

[FBIS Translated Text] Guillermo Chapman, planning and economic policy minister, has said the arrival of Cuban rafters in Panama and the provisional asylum granted to former Haitian dictator Raoul Cedras represent an "asset" in the relations with the United States that may benefit the country somehow.

"It is an asset in relations with the United States that must benefit us somehow, although that point is not the motive for undertaking such actions," said Chapman, without specifying the benefits.

Chapman has said these two actions are of an humanitarian nature and are intended to facilitate things, adding the Panamanian Government has taken them to contribute to international peace.

He also said that Panama hopes its commercial debt can be "significantly" reduced once it begins debt restructuring negotiations with various international banks.

He has said other countries of the world have been allowed to restructure their commercial debt, while he has ruled out this has anything to do with the arrival of the Cubans and Cedras in Panama.

The minister, who will travel to Washington tomorrow and present the government's National Economic Plan before international financial institutions [IFI's], has also said he will negotiate with the IFI's the necessary financial support for the implementation of the plan once the consultation period of this document ends in Panama.

Chapman did not say how much money will be needed from the IFI's to implement this plan.

Chapman has said his meeting with the IFI's is intended to fulfill the "courtesy" of presenting to these organizations the Panamanian Government's proposal for the social transformation of the country.

During his visit to Washington, Chapman will inaugurate a commercial office set up by four large Panamanian consortia in the U.S. capital.

It should be noted that considerable opposition has been expressed with regard to the asylum for the former Haitian general and the Cuban refugees according to various polls conducted by EL PANAMA AMERICA, although it was said their permanence will be for a specific period of time, as is the case of the Cubans.

Source: Haiti's Cedras Deciding Where To Live

PA1710144894 Panama City EL PANAMA AMERICA
in Spanish 17 Oct 94 p A1

[Report by Carlos Cordero]

[FBIS Translated Text] Former Haitian dictator Raoul Cedras and his family spent the weekend at Coronado Beach, where he could settle permanently, a source consulted by EL PANAMA AMERICA has said. It was also reported that Cedras has ruled out the possibility of living on the island of Taboga and is also studying the alternative of moving to the island of Contadora. The source has said Cedras ruled out the possibility of living on Taboga, because that is not the best place to settle permanently for reasons of military strategy.

Philippe Biamby also accompanied Cedras during his visit to Coronado, while the rest of the individuals who arrived with him in Panama remained at the Tocumen hotel where they are staying. Sources at the hotel have said Cedras spent most of the day in his room, but his children were at the pool and the recreation areas. The sources said the former general wants to stay at the Tocumen hotel until he finds a permanent home.

Argentina's Menem Praises President on Cedras Asylum

PA1810045594 Panama City LA ESTRELLA DE
PANAMA in Spanish 17 Oct 94 p A1

[Letter from Argentine President Carlos Menem to President Ernesto Perez Balladares dated 14 October 1994]

[FBIS Translated Text]

Buenos Aires, 14 October 1994

Mr. President:

I have the honor of addressing you to express the satisfaction of the Argentine Government and people with your decision to grant asylum to Lieutenant General Raoul Cedras and Brigadier General Philippe Biamby. It constitutes tangible support for the reestablishment of democracy in Haiti and a concrete expression of solidarity with the Haitian people.

Your gesture has allowed constitutional President Jean-Bertrand Aristide's return to his country, an action that

falls within the framework of the democratic objectives and principles that guide the countries of the American continent.

Convinced that this very important decision will contribute to the development and well-being of the Haitian people, I take this opportunity to greet you and express my highest esteem and regards.

[signed] President Carlos Saul Menem

Foreign Minister Confirms Serrano's Asylum Status

PA1810013394 Panama City ACAN in Spanish 0030
GMT 18 Oct 94

[FBIS Translated Excerpt] Panama City, 17 Oct (ACAN-EFE)—Panamanian Foreign Minister Gabriel Lewis Galindo said today that former Guatemalan President Jorge Serrano still has the asylum granted to him by the previous Panamanian Government and also the residence where he lives with his family in a luxurious neighborhood of the Panamanian capital. The foreign minister referred to the matter during his appearance today before the Legislative Assembly to explain the terms under which Panama decided to grant asylum to Haitian coupist General Raoul Cedras.

Lewis Galindo was interpellated by Gerardo Gonzalez, legislator and president of the ruling Democratic Revolutionary Party (PRD), about the whereabouts of Serrano, who, according to Panamanian President Ernesto Perez Balladares, left Panama after receiving threats from Guatemalan guerrillas.

According to the Panamanian foreign minister, Serrano left Panama before 1 September when the current government took office. He added that the former Guatemalan president left the country because of threats received from a group in Panama. He cited statements made on this topic by Perez Balladares. [passage omitted]

Colombian Vice President, Adviser Interviewed

PA1710191494 Panama City TVN Television Network
in Spanish 1630 GMT 16 Oct 94

[Interview with Colombian Vice President Humberto de la Calle Lombana and Presidential Adviser Jorge Eduardo Ritter by Luz Maria Noli at the TVN studios in Panama City; date not given; from the "Dialogue" program—live or recorded]

[FBIS Translated Text] [Noli] Good morning, dear viewers, and welcome to "Dialogue." Today we have the honor of having with us Colombian Vice President Dr. Humberto de la Calle. Many thanks for accepting the invitation and welcome to "Dialogue." We also have with us Presidential Adviser Dr. Jorge Eduardo Ritter, who is a friend of Colombia. Thanks for accepting the invitation.

Let us discuss a bit what is taking place in Colombia. A recent publication stated that the Colombian Government has decided to remove the immunity or the series of privileges from the U.S. Government officials who work for DEA, in order to somewhat reduce the outbursts that sometimes take place. How did you manage this?

[De la Calle] The truth is that this version is somewhat exaggerated. What really took place is that a former DEA director in Colombia mishandled confidential information that had been collected for over seven years. He was someone who had the trust of the police and the intelligence authorities, but he presented a truly unacceptable version of his stay in Colombia. The Colombian Government, with a totally friendly attitude and without any wish to quarrel, always realizing that DEA activities are an important instrument in the struggle against drug trafficking, has discussed certain rules of behavior to prevent future outbursts. It is not a matter of denying diplomatic immunity to DEA agents or hindering the agency's work—an agency that has cooperated with Colombia in the struggle against drug trafficking. The prosecutor general said a few days ago that he still considers the DEA a very important instrument. Legal and intelligence cooperation with the United States and other countries, as well as with Panama, is valuable in the struggle against drug trafficking. But naturally, channels and procedures need to be established, based on respect for national dignity, national sovereignty, and the decisionmaking capacity of the national authorities on these matters.

[Noli] I want to come back to discuss this point a bit more with you. Sometimes Panamanians believe it might be good if Panama adopted a similar measure regarding DEA activities.

[Ritter] I believe that the DEA is playing a role in Panama and is also cooperating with our authorities. The truth is that there has not been over the past few years—and certainly not during the Perez Balladares administration—any type of confrontation or any sort of disagreement with Panama's judicial or police authorities. I believe that the activities by a former DEA agent and the measures adopted by Colombia are not applicable in the case of Panama. There is certainly no reason for Panama to review the status of those DEA agents working here.

[Noli] Tell me something, have relations improved between the United States and Colombia after Dr. Samper took office? Apparently, no, not apparently. There were definitely some press reports that stated that funds from drug trafficking existed and that the U.S. Government had made an issue of this.

[De la Calle] Yes, no. Relations are excellent. The truth, as you well recall, is that there was some initial uneasiness over these statements, not directly from U.S. officials, but by the media and sources who attributed these stories to U.S. officials. This situation has now been

totally clarified. The Prosecutor General's Office investigated campaign funds and found no indication of drug trafficking money in the main presidential campaigns of any of them. It seems to me that our relationship with the United States is at a high point; we have recovered all levels of legal cooperation. Recently, a prosecutor general ruling that involved certain drug trafficking bosses, was based on evidence supplied by the U.S. Government in compliance with mutual cooperation treaties. We hope to continue deepening our relationship on this subject. We know that international cooperation is fundamental. By definition, drug trafficking is a crime that goes beyond borders. Naturally, we hope to base this relationship on mutual respect. That is why the Colombian Government wants actions by agencies such as the DEA to remain on the path of respect. This latest incident took place in the wake of the departure of a DEA official. Therefore, these statements were made by someone who lacked any sort of official rank. The U.S. ambassador to Colombia immediately stressed this point. He was a former official who did not jeopardize the position of the U.S. Government, with which we continue to have excellent relations.

[Noli] To what extent is the U.S. Government's attitude reflected in the feelings of this former official and in the U.S. press—critical books have been written about Colombia, such as (THE KINGPINS)?

[De la Calle] We hope that these do not in any way reflect the attitude of the U.S. Government. This was recently officially expressed, not only by the U.S. ambassador, but by high-ranking State Department officials. What I do want to point out is that we, Colombians, sometimes feel somewhat alone in this struggle. There is a worldwide stereotype that tries to portray these poor countries as the only ones to blame for a phenomenon that has a great thrust. The main thrust, the main driving force of the drug trafficking problem, is consumption. Consumption takes place in developed countries. We do not find the same amount of action that is demanded from us taken by the governments of developed countries, such as in the control of chemicals, which we do not produce and which arrive here clandestinely. Neither do we find a similar level of action in developed countries to counter money laundering. Obviously, the big powers do not broach the consumption topic sufficiently and want to place the entire blame on countries such as Colombia.

We have assumed our responsibility with the international community; if any country has suffered it has been Colombia. It has lost its judges, its magistrates, and it has seen its police and justice systems destabilized. This is why we want to raise our national voice to tell the world that this phenomenon called drug trafficking is a worldwide phenomenon, that one country cannot be treated in a malevolent way, and that a much broader spectrum of cooperation is needed.

[Noli] Based on what Dr. de la Calle has said, Panama has made an enormous effort to improve its international image. Nevertheless, 15 days ago, U.S. television,

specifically the CBS network, in its "60 Minutes" program, dedicated its first segment to Panama. The program compared Panama to Haiti by stating that because the invasion of Panama had been a failure, there were no prospects for Haiti, and it made much less sense. In the middle of the story there was drug trafficking, money laundering—versions that tarnished to a great extent Panama's image. When these things happen, regardless of how one may feel as a Panamanian, especially when one takes into account efforts and the degree of sacrifice made by the Panamanian Government, compared to that of Haiti or Cuba, what is the feeling?

[Ritter] Sometimes this can produce a feeling of frustration, because all misunderstandings lead to frustration. Recent measures taken by the president to link the responsibility of law firms with corporations formed in Panama as an additional step to try to prevent money laundering, steps taken by local and foreign banks in Panama to prevent money laundering, and drug seizures over recent weeks—all this adds up to a great amount of effort that is not made so the world may recognize it, but is made due to the government's conviction that drug trafficking must be fought.

Thus, these programs, which recognize nothing, attempt to stereotype our country as a money-laundering center, just like Colombia is stereotyped as a drug-trafficking center. I believe that we, as Panamanians, need to get over these programs. We must realize that these programs will continue to be produced because a double standard exists in all of this—sometimes in the television networks or in the actual government agencies—wherein one yardstick is used to measure Latin American countries and another yardstick is used to measure consumer countries. This tends to delegate the responsibility and blame drug trafficking, as a way to mollify one's own conscience, on other countries.

Regardless of this, Latin American countries, like Panama and Colombia, have the responsibility and the obligation to face drug trafficking and money laundering, regardless of recognition or criticism or the few praises that result from this. This is a commitment we have with the youth and the world. The Government of Panama will not waver from its leading role in the struggle against drug trafficking just because there is no recognition, or because, despite the efforts, there is a persistent insistence that Panama is a money-laundering center.

[Noli] Dr. de la Calle, Colombia has paid a high price in human lives and prestige due to drug consumption. The market for these drugs is not in Colombia; it is elsewhere. To what extent has this scourge been controlled, candidly speaking, taking into consideration the drug world has an economic strength at the level of or better than our poor countries?

[De la Calle] I would point out the existence of different situations. Colombians have overcome—I believe—two things. These are things of the past. We have prevented

the creation of a criminal structure that has wanted to destabilize Colombian society completely through terrorism.

I believe the destruction of the so-called Medellin Cartel was very important for the world, particularly for Colombia. Dr. Ritter said something with which I absolutely agree. We have fought drug trafficking, because we know we must, considering its destabilization capability and because it represents a danger to a civilized way of life.

I believe we have overcome the narco-terrorism phase. I believe we have been able to crush the world's most dangerous criminal organization; this does not mean we have resolved all our problems. We are now facing a new phase, a phase President Samper has tagged the narco-corruption phase. This drug business is progressing now, perhaps in a more surreptitious manner, in a more dangerous manner perhaps because it is resorting to corruption, to infiltration. There is an evident fact we cannot deny; there is drug trafficking pressure on Colombian institutions, justice, Congress, politics.

Colombia's police have achieved great victories, though. One can see these victories when one looks at the figures, something I did at the European Union. There are the records that speak of the dismantling of laboratories and the seizure of narcotics, and they are impressive. Your question has an implicit truth. Drug trafficking is continuing for the simple reason that consumption is continuing, because the consumer nations have been unable to control a supremely complex problem through mechanisms which do not necessarily have to be repressive and which can be educational and cultural.

This problem is a most complex one, and the truth is that as long as the demand continues, we will be the victims, not the opposite, and we will continue to suffer the destabilizing impact of a situation such as this one. The world must be honest and realize that we are facing a most serious problem, that repression alone has been relatively inefficient, that the efforts we have made to control this situation have yielded fruits, as far as terrorism and destabilization go. We are more free in Colombia now to speak about drug trafficking, to criticize drug traffickers, and to impede their activities in politics and their infiltration, but the situation persists. Consumption continues, and there will be supplies as long as there is a demand.

[Noli] Consumption has not decreased, and this point is a problem. Consumers get sick; people die, and people get sick in direct connection with drug related problems, as is the case with AIDS. Injections are responsible for many of these cases. Are we sentenced to continue living with this fact, a whole generation going to waste?

[De la Calle] Many cultural factors are important. What leads a young man in the United States or Europe to take drugs? There must be a serious problem in those societies. They have to deeply examine this matter. The

number of new consumers is apparently dropping according to the latest reports. It is probable that something has been achieved, but consumption by inveterate addicts has increased. The figures are still growing. Let us hope that we are past the peak, the climax, of the drug spreading process and that we are starting on a world less attached to easy money, to artificial life. All this is in the roots of the decision of American and European young men who take the drug route. This is a deep problem of a cultural nature, of affliction in consumer societies which perhaps have taken the wrong road.

[Noli] Let us set aside the drug issue for a moment and let us discuss what is happening in our countries concerning poverty, a problem which our countries apparently cannot resolve despite their efforts.

There is, for example, in Rio de Janeiro the problem of poor children who are being killed and who are on drugs and crime in their early years. There is the problem of the poor kids in Colombia, and we have the problem of children in Panama who are street vendors of all sorts of articles and who are the victims of all sorts of abuses. There is the recent case of the Children of God. What has happened in our countries? This situation was not happening five or six years ago; what has happened?

[De la Calle] I believe the social debt has grown. Apparently there is a big social problem in Latin America, in the world as a whole. Our investments in the social sectors are insufficient. President Samper has said economic opening must be given a heart after four years of such an opening in Colombia. We cannot ignore social elements such as education, health, employment, social security, and housing. The viability of social life deteriorates without these elements.

There are, of course, population and development problems. Here is the secret. Recent events in Mexico make this point evident. Mexico is a country that was about to bid farewell to the Third World. It was saying goodbye to us. There was this feeling that it had really taken off, that it had climbed to a different orbit, but we have seen now these most cruel eye-opening events in Chiapas and the recent cases of violence that make it evident that social debt must be serviced and that—as we will say at the Copenhagen Summit—the road to the end of our troubles requires the servicing of this debt.

[Noli] What is that road?

[De la Calle] That road is not to forget the state's social obligations. Despite how necessary it may be to modernize the economy, to open the doors of exports and imports, and to enter a phase of free trade, all this has to be done without forgetting the state's basic obligations to the world's poor.

[Noli] Dr. Ritter, I do not know how I can dare ask you this question, considering your friendship and feeling of mutual respect for Dr. de la Calle, but to what extent do you believe what Dr. de la Calle is saying and defending is somewhat illusory?

[Ritter] I believe what has been said by Dr. de la Calle—who is the vice president of a country and also a member of the government that initiated Colombia's economic opening and Colombia's insertion into what is now being known as the global village—should be for us, who are just embarking on that road, a lesson telling us we cannot forget social problems as steps are taken.

I do believe there is a window of optimism in this matter, Lucy. The countries that first engaged in the economic opening and the liberalization of markets have implemented very harsh measures, Draconian measures that negatively affected a large percentage of the people. These measures were adopted, to a great extent, because this demand was one of international credit organizations, of financial institutions. That was the price countries had to pay to obtain international credits, without which the opening could not take place.

I believe there was a turnaround in the past few years, particularly this past year, in the philosophy international organizations maintain on the social aspect. They are now looking at social programs as important complements of economic openings. For example, the environmental aspect is considered every time there is a project of some magnitude. The same international organizations that want an economic opening concerning the liberalization of markets are now proposing the presence of a significant social component in economic opening cases, so as not to destabilize society or the economy of countries that have serious problems.

Panama, just as all other countries, has a very serious problem of extreme poverty that will not be resolved in the short term with the liberalization of markets. Just as the liberalization is being prepared, with Panama joining GATT and seeking its admission in NAFTA, it must also accompany this move with programs that should fight extreme poverty so that society may march forward jointly and not have certain sectors moving very fast while others remain behind perhaps forever.

[Noli] You are aware there is a certain degree of discouragement in us all. Regardless of how much we try, that much-sought-after equality is never attained. In this respect, sometimes I say to myself we are still indebted after so much sacrifice. We are always indebted to a segment of the population. What should be done with that segment of the population?

[Ritter] That is the segment of the population we are trying to redress. That percentage of the population in Panama is quite significant and represents nearly half of the population living under conditions of extreme poverty. We have more than half of the people in certain regions living under conditions of extreme poverty. It is toward this segment of the population that we must address urgent programs in order to palliate the levels of poverty. This will not solve the problem entirely. It is possible the economy could develop more rapidly if the social programs could be sidestepped, but society itself would evolve much slower.

We must encourage society as a whole to develop collectively. If we intend to modernize the economy, it must be done in such a manner so as to modernize the entire country, not just one segment while the other remains stagnant. These programs are sometimes called paternalism and sometimes called other names, but the governments and the international organizations are aware these programs are unavoidable. Extreme poverty must be directly confronted, without any type of reservations that the programs can be viewed as paternalism or that they may contradict the other economic proposals made to the country.

[Noli] Would you like to know something? I observe sometimes what economists, presidents, average citizens, and specialists tend to label as the Asian Giants. It seems to me the incorporation of the so-called Asian Giants into the industrialized world has been much faster than what takes our countries to simply climb one step leading anywhere. In this respect, I believe the problem lies in the serious situation of malnutrition we have here. With the grim malnutrition indexes we have here, how can we expect to compare our country to those Asian Giants? To what extent is Latin America condemned to continue striving endlessly and never being able to develop? The experiment of the 1960's never worked, neither did the one of the 1970's, and we have neoliberalism with social awareness now. Which of these experiments will finally function?

[De la Calle] I believe it is very interesting that you should broach the issue of the southeast Asian Giants; likewise, I was equally concerned about the issue, and the phenomenon really caught my attention. I visited that region during the period when I was the Liberal presidential candidate for the Presidency of the Republic of Colombia. My mind was always set that there was something magical in that part of the world. I was positive that there were a few gentlemen who were skilled at figures and macroeconomics, that their minds were super computers, and that their level of intelligence was far superior to ours.

[Noli] Chinese wisdom?

[De la Calle] This is just not true! I was able to speak to the economy ministers, the foreign ministers and consistently received the same answers. Economic development is due to human development; it has nothing to do with figures, and it is not a technological problem only. The greatest asset of the southeastern Asian Giants lies in their investment in education, in the search for that level in the standard of living that allows them to take gigantic steps that is reflected in productivity. It is not a problem of figures or statistics; it all lies in the individual. This lesson is one which serves to show that what Mr. Ritter said is true. The main issue lies in the concept of development. The main concept today is sustainable, human development. It is not the idea of looking at how we accumulate currency or how we manage the nation's accounts. The real answer to development lies in the individual.

[Noli] Most naturally, you agree with that approach?

[Ritter] It is just that Dr. de la Calle and I are fortunate enough not to be economists.

[De la Calle] That is correct.

[Noli] When the adjustment programs are put into effect, it would seem initial results are mostly negative, and then we start to take off. What do we have to do in our nations in order for those initial, negative results not to take place and to have a rising curve?

[De la Calle] As we have already said, by implementing social based policies. What does this mean? It is a very simple term to pronounce, of course, and you asked what it means or what we have to do. I would say we have two issues. One concerns increasing investments in social programs, something which is undeniable, and we need more resources, but that in itself is not enough.

That answer by itself is an oversimplified answer. The state must also adjust itself to give a more refined and focused policy to its social programs. That centralized, overburdened, concept of a super bureaucratic state that loads itself up with institutions to carry out its social policy and uses up its resources without really reaching the poorer masses has somewhat created a crisis.

Dr. Ritter said something that is true in our opinion. There is an initial effect with a very limited impact. One may call it paternalistic. It is the so-called Social Leap Program in Colombia—given that name by President Ernesto Samper—which does not pretend to free these groups from poverty, but it does try to move them up to higher levels, a step forward so they can enjoy the traditional policy of institutional order.

What we are seeing is that there are pockets of poverty that are so excluded from society that the traditional actions of the state cannot reach them. It is necessary to focus our expenses, to be more imaginative, to depend on the civilian society. Our 1991 Constitution did just that. Let us forget about the great, overburdened, benefactor state that has failed. It is also necessary to extend a hand to the civilian society, to give greater potential to the state through the hands of individuals to reach deeper into those social classes that continue to be neglected.

[Noli] What guarantees us this experience will work?

[Ritter] Nothing is written in stone in the world of society and politics. There is no guarantee that things can happen or that things are going to happen, but we have better guarantees when one has neighboring countries such as Colombia, which has traveled that path, has learned from its mistakes, and has served, in a certain way, so that international credit organizations change their proposals to these countries.

It is said about humans beings that one never learns from another's mistakes. Perhaps in societies and politics it is possible to learn from the mistakes of other countries.

We can learn from what other countries have done, from what Mexico, Colombia, and Chile have done. It has been shown it can work. We have an advantage over them in a certain way. We are behind them in time but have an advantage over them, because maybe our social cost will be less than theirs due to what we have been able to learn from them and what others have also learned from them.

I believe that despite the fact there is no 100-percent guarantee, which no economic proposal can give that it will work, I have faith and am very optimistic that based on past experiences, on the enthusiasm the president has managed to project to the various economic organizations, we will attain what is known today as a real consensus for an economic proposal. I have reasons to feel optimistic. I have reasons to feel optimistic. Maybe in four or five years you will come again and ask me whether it worked. We have to attempt it. Fortunately, we cannot stop to think what will happen if it does not work. We are at a historic moment in which we are going to take off. We will know within five or 10 years whether it worked. I, myself, bet it will work.

[Noli] But I ask myself how many people in your similar position have bet on previous experiences.

[Ritter] I do not know how many have bet, but everyone has to judge by what he sees in his environment, by what he has perceived among his neighbors, and that point in my opinion gives me enough reasons to feel optimistic. Even though others may have failed, alongside those many who have failed are also many who have moved forward and were successful. I have a deep-seated optimism that is very hard to shake off.

[Noli] Dr. de la Calle, speaking of poverty, Haiti appears to be one of our last countries that is apparently making a cry of desperation. With the invasion, which was initially bloodless but became bloody at times, what are the possibilities such a country will leave the level of extreme poverty—it is not really poverty but dire misery, cultural backwardness of all types—what are the prospects for a nation of that type?

[De la Calle] As you said, it is a very desperate situation. Let us go back. The Colombian Government position was to insist on diplomatic solutions to the impasse between the de facto government and the elected government. Colombia deemed it unnecessary and a poor precedent to have an invasion; we still feel that way. We believe it is necessary that the countries should find their own solutions, that international law should participate, but by way of conviction. We do not like invasions. Colombia did not want to be part of the multinational police force either, because we have always insisted on the possibility of countries seeking their own paths.

We will act in the humanitarian aspect. We will be present from a humanitarian standpoint, trying to alleviate such a complex situation, as that which you noted, of extreme poverty or dire misery. Truthfully, that is a

big problem for the world. It will be necessary to carry out an international network of solidarity, as has occurred in other occasions in the face of such difficult situations as that experienced by our brother people of Haiti. We will be extending our hand to Haiti within our own poverty, but we believe above all that the world system must act via solidarity to try to at least mitigate such a difficult situation as that lived by the Haitians.

[Noli] Do you find any relation between the Haitian situation and that which existed in December 1989 in Panama?

[Ritter] It has several points of similarity, of course, but it also has immense differences in how it was carried out and what preceded it.

There were dramatic events that occurred in the world between the 1989 invasion of Panama and the invasion of Haiti in 1994. One was the fall of Socialism, the end of the Cold War. The world of 1989 is diametrically different from the world of 1994.

It was unthinkable in 1989 that the UN organization, for instance, would give its authorization for an invasion. In the OAS in 1989 there was no authorization for U.S. or multinational forces of any nature to enter. At that time there was much emphasis, and the principle of nonintervention in the domestic affairs of other states prevailed. Today, in those same organizations, there are two principles that are not excluded and which are prevailing: the principle that democracy has to be strengthened and the use of force was authorized in Haiti based on that principle.

In Panama's case, it was a unilateral action of the United States, which was later condemned and rejected by the OAS and the United Nations; therefore, there is a relation in that it was carried out by the same country and with the purpose of deposing a de facto regime that in the last instance motivated the invasion of one and another country. There is an immense difference, however, because the world now is completely different from the world in which the other invasion occurred.

[Noli] What about the results?

[Ritter] The results of the invasion of Haiti are yet to be seen.

[Noli] They are yet to be seen.

[Ritter] Yes, they are yet to be seen. The invasion of Haiti has a big advantage over the invasion of Panama in that it was bloodless. True, there were deaths later....

[Noli, interrupting] Incidents.

[Ritter] Incidents, but they did not have such traumatic and barbarous consequences as the invasion of Panama the night of the invasion. So, in principle, any invasion, as all the countries have maintained, is never the best solution. In Haiti's case, because we must compare it, let us compare the two evils; the evil of Haiti has been less,

because the cost in human lives has been much less. That in itself establishes an immense and unsurmountable difference between one invasion and the other.

[Noli] What drew my attention a moment ago was when you said Colombia planned to help with peaceful means with its poverty a country such as Haiti. You also said it had refused to be part of the police. Coming from a Colombian Government official, that statement does not amaze me. It amazes me that it comes from a Colombian where life in Colombia is one that must elude all risks and violence. What I would like to know at this moment is how do you manage, administratively, to formulate something that actually in daily life is not managed so trivially?

[De la Calle] On the contrary, it is the same line of conduct. We are making profound efforts to mitigate the armed conflicts which we have had for so many years and which have cost so many Colombian lives. We are doing it ourselves. We are strengthening our institutions. We are searching for institutional channels. Of course, we receive international help in this matter, but we know it is the Colombians who have the challenge of overcoming the difficulties and violence that has been generated in our territory.

Look how what I said is totally coherent. Just as we aspire to having Haiti resolve its own problems, that is exactly what we are doing in Colombia. We have problems, but we are optimistic we are going to overcome them. The government of President Samper has opened the possibility of a negotiated solution to our armed conflicts. We aspire to mitigating a large part of the violence we are living on this path. Of course, there is the phenomenon of common criminality, which requires a much longer period of strengthening of justice, struggling against impunity. We are doing so with determination.

[Noli] What about Cuba. What about the future of Cuba?

[De la Calle] The same line. We maintain a coherent policy. It is necessary to reinstate democracy in Cuba. There must be a democratic opening in Cuba, but not by force and not without counting on the Cubans. International law must play the same role here, which is the civilized exercise of diplomacy, the creation of incentives to permit Cuba to take that step toward its internal democratization. We do not favor forceful solutions, de facto solutions, placing a country at the dock because it has chosen a path that is not our own, which we do not agree with ideologically. We want it to seek solutions through the civilized path of dialogue and consensus to the situation it is experiencing.

[Noli] What about the United States becoming an international gendarme and that it is watching so that we all behave ourselves?

[Ritter] President Clinton said recently that they are renouncing that role, that the United States will no

longer exercise the role of world gendarme, because it is a role that would be ungrateful.

[Noli] It would be costly.

[Ritter] It would also be a role that would not be understood in its own country, and deep down it is a role nobody likes. No country wants to feel it is protected by another or that it has a permanent sword of Damocles hanging over it in the sense that: if you don't behave yourself, we are going to get you. I believe that is perhaps a result of the end of the Cold War. The United States emerged during the first years of the decade as the sole, largest power in the world, an unrivaled power. In that sense, it assumed a series of responsibilities it otherwise would not have assumed. I believe in these years, in the coming years, the role of the United Nations, the role of the OAS will be taken up before the international community, given that the world situation has changed dramatically. The United States, definitely, will not be able to fulfill that role. I believe deep down and I believe in the sincerity of President Clinton's words that it does not want to exercise the role of world gendarme.

[Noli] Also, it would not be politically advisable for it, because it would be extraordinarily costly.

[Ritter] That is correct.

[Noli] Tell me, what is the policy of the Republic of Colombia regarding the Cuban refugees?

[De La Calle] We have maintained it is necessary to study, through the path of civilized diplomacy, a solution to Cuba's move toward democratization. Regarding the problem of the refugees, we have no need to adopt any position. It is basically a problem evolving on the terrain of relations, let us say quote bilateral relations end quote; it is difficult, but in any case it is a problem between Cuba and the United States. Colombia has limited itself to applauding and to celebrating the recent contacts in this matter. It hopes there will be a civilized solution in that subject, because what we look at with fright is hundreds of Cubans trying to defy the sea and dyeing in attempts to reach the U.S. coasts; that is something that must be avoided.

[Noli] Look at this, for instance. The Costa Rican Government has stated Cubans who have families in Costa Rica, in Costa Rican territory will be welcome. Does Colombia plan to adopt a similar decision?

[De la Calle] What happens is that reality is quite different. There are practically no Cuban colonies in Colombia. The truth is there has not been any significant emigration of Cubans to Colombia. Naturally, there are Cubans in our territory, but it is such an insignificant amount that Colombia has not been called upon to spell out a policy in this topic.

[Noli] International wire services have been reporting lately not only about local escapes but have attributed to Costa Rican sources that 14 citizens, identified as

Cubans, had tried to cross the border. With your diplomatic experience, if this happenstance continues, what do you believe could be Panama's way out with this situation, which appears to be slightly, slightly thorny?

[Ritter] From the start, when the problem of the Cuban refugees was first discussed, the president was very clear in saying they were coming under U.S. responsibility. The U.S. has committed itself to caring for them, maintaining them, feeding them, and also preventing their escape or their entry into Panama....

[Noli, interrupting] Into Panamanian territory.

[Ritter] They are in Panamanian territory, but in case they left the camp....

[Noli, interrupting] Out of the established limits.

[Ritter] The established camps. In any case, Panama had to demand U.S. responsibility when this incident occurred, but Panama can do nothing else than return a Cuban when he escapes. Of course, some have already escaped, but all of them have been returned. When the Panamanian authorities capture a Cuban, he is technically a person who is in the country illegally, because Panama has not authorized them to move about freely in our country. They are here as a result of a special agreement with the United States. Thus, the only alternative Panama has is to return them from where they came; that is, the camp where they are lodged. The United States has the primary responsibility over those who escape, because they were the ones who are committed to caring and ensuring this does not happen.

[Noli] When one takes into account that these people have defied everything, Castro's regime, prohibition against departures, rough seas, whatever they face, what possibility is there that they will remain confined here?

[Ritter] I do not believe the most powerful country in the world, with the most sophisticated military installations, is unable to produce an escape-proof camp. Of course, now that the Cubans have escaped, even though these two or three people were later picked up, the U.S. military will now take more drastic measures to prevent this happenstance from repeating. I cannot believe the mere fact that the Cubans have defied the sea and their government means they are so strong and are endowed with such superhuman prowess that they can pass the U.S. barriers.

[Noli] It seems they will continue trying; at least that is what they are saying. Mr. Colombian Vice President, do you believe there is any possibility Fidel Castro himself can make the changes everyone expects for Cuba?

[De la Calle] I believe it is his decision first and a decision of the Cuban people second. I would not rule this out. It looks difficult; it is not easy. Naturally, it is always very risky to speculate. When one is part of the government one prefers to speak about facts, not about hypothetical questions. This is, however, a hypothesis that should not be absolutely ruled out.

[Noli] I greatly appreciate your time for this program and for your presence here. Dr. Jorge Eduardo Ritter, do you believe Fidel Castro himself can make the change?

[Ritter] Each country finds its own solutions. The position Latin American countries, including Panama, have maintained, in the last Rio Group meeting, does not exclude this possibility. It calls on Cuba to democratize the government, that a multiparty system be instituted, such as in other Latin American countries, but it does not specify whether it should include Fidel Castro. I believe this is a decision the Cubans themselves must make.

Industrialist: Service Sector 'Not Ready' for GATT

PA1510184194 Panama City EL PANAMA AMERICA
in Spanish 15 Oct 94 p B4

[Report by Carlos Vargas]

[FBIS Translated Text] The economy's service sector is not ready to face our country's entry into GATT, industrialist Luis Barraza de Freitas has warned.

According to the president of the Association of Panamanian Industrialists (SIP), the service sector does not appear to be getting ready to face Panama's future entry into GATT.

De Freitas stated that in one year Panama could reaffirm it was joining the GATT, but merchants in the service sector "believe their problem will be solved by pulling strings."

According to the industrialist, the agricultural and livestock sector will also feel the immediate repercussions of joining GATT, but he noted that estimates indicate the sector may recover immediately.

He said in order to keep the economy from suffering greater frustrations the Panamanian Government has to send its best negotiators to finalize our entry into GATT.

Panama and Ecuador are the two countries on the continent that have not yet joined GATT, an agreement to regulate tariffs.

The government of Ernesto Perez Balladares is currently implementing an economic program that will meet the requirements needed for Panama to join GATT.

Poll: Majority Believes Country Not Ready To Manage Canal

PA1710163894 Panama City EL PANAMA AMERICA
in Spanish 17 Oct 94 p A3

[Report by Juan Pritsiolas]

[FBIS Translated Text] A poll conducted by the firm CID/Gallup for EL PANAMA AMERICA revealed the majority of Panamanians believes the country "is not at all prepared technically or very little prepared technically" to operate the Canal in the year 2000.

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In the survey, 57 percent of those consulted said Panama is not ready to administrate the waterway, while 38 percent said Panamanians are "very or somewhat" prepared for this responsibility.

The CID/Gallup poll was conducted from 8-18 September and was based on interviews with 1,205 people living in various parts of the country.

The Canal Commission has a labor force of 8,585 employees. Of these, 89.2 percent, or 7,662, are Panamanian.

Regarding Canal pilots, 117 are Panamanian, and 125 are from the United States.

In addition, North Americans hold 81 of the 143 executive or management positions in the Canal Commission.

The Canal Treaties signed on 7 September 1977 established that Panama will take over full management and operation of the waterway in 2000.

New Trial of Noriega, Aides To Begin 19 Oct

PA1510170494 Panama City EL PANAMA AMERICA in Spanish 15 Oct 94 p E14

[Report by Juan Pritsiolas]

[FBIS Translated Text] Former General Manuel Antonio Noriega and three former members of the Panama Defense Forces, charged with depriving Mayor Humberto Macea of his freedom, will be tried on Wednesday [19 October].

In addition to Noriega, the Second Court began legal proceedings against former DENI [National Department of Investigations] director Nivalvo Madrina, former G-2 Chief Rafael Cedeno, and former military intelligence chief Felipe Camargo.

A court spokesman said the court has appointed lawyer Asuncion Montalvo as Noriega's counsel.

Ramiro Fonseca will be handling Madrina's defense, Ruben Moncada Luna will represent Rafael Cedeno, and Carlos Carrillo will be Felipe Camargo's lawyer.

Plaintiff Humberto Macea belonged to the 16 March 1988 Movement that sought to topple Noriega.

He was imprisoned for 22 months and was released in the wake of the U.S. invasion. Later he joined the National Police and is currently in charge of security for a Panamanian-capitalized bank.

Earlier, the First Court shelved charges filed by Colonel Fernando Quesada, the leader of the 16 March coup attempt.

Up to now, Noriega has been convicted in trials for the murder of Hugo Spadafora and Moises Giroldi. On each case, he received a 20-year sentence.

Last Tuesday, Noriega's daughter Lorena was tried in absentia for embezzlement. The Prosecutor's Office asked for a conviction, but her defense argued its client's innocence.

Justice Ministry Orders Closure of Arms-Selling Company

PA1610210094 Panama City EL SIGLO in Spanish 14 Oct 94 p 12

[Report by David Daniel Victoria]

[FBIS Translated Text] Jerry Wilson, institutional director of Public Security, said yesterday the Government and Justice Ministry ordered the closure of the Isthmian Assembly Company, Inc. (CIDESA) yesterday and the removal of all its equipment from Panamanian territory.

According to Wilson, the decision to suspend CIDESA's operations to manufacture weapons in the country was made by President Ernesto Perez Balladares and Government and Justice Minister Raul Montenegro.

He said the president's decision was made because CIDESA was not complying with the prohibition on selling weapons in the country.

Wilson said the executive can limit, authorize, and prohibit the production of weapons in the country according to the Constitution and even the import of weapons.

Wilson said the Prosecutor General's Office is investigating CIDESA's possible participation in the distribution of weapons to Colombian guerrillas. He said it will be up to the CIDESA owners to move their machinery and equipment elsewhere, because the government decided "weapons will no longer be produced in the country."

"They will not have any other choice but to take their equipment elsewhere," Wilson said.

Officials of the Assistant Prosecutor's Office searched CIDESA this week and seized war armaments and material to make them. The judicial action was conducted after certain individuals who were arrested carrying Mini Max submachine guns last week revealed they had bought the weapons from CIDESA.

The company's legal representatives have argued, however, this search was illegal, because the company stopped manufacturing weapons seven months ago.

CIDESA lawyer Juan Materno Vasquez has described the company's custody as arbitrary and has charged current government officials of attempting to take possession of the company. He has also described as suspicious the participation in the search of Efebo Diaz, legal adviser of the Government and Justice Ministry.

Argentina**Di Tella Lauds Aristide's Return as President***PY1710221694 Buenos Aires TELAM in Spanish 0003
GMT 16 Oct 94*

[Report by special correspondent Daniel Raffo]

[FBIS Translated Text] Port-au-Prince, 15 Oct (TELAM)—Argentine Foreign Minister Guido Di Tella said today that the return of Jean Bertrand Aristide to the presidency of Haiti "is an event of extraordinary importance for the strengthening of democracy" in Latin America.

"We have confirmed the hypothesis that it was only with military pressure that this problem could be resolved peacefully," the minister said.

Di Tella, together with OAS President Cesar Gaviria, was a member of the delegation of foreign ministers who accompanied Aristide upon his return to Haiti, after 3 years of exile in Venezuela and Washington after the coup that overthrew him on 30 September 1991.

The foreign minister stated that with this procedure "we have buried the idea of unilateral intervention for resolving the continent's political problems."

He said that "Argentina is willing to participate in the process of economic and social recovery that must be undertaken in Haiti."

The minister also announced that Ambassador Raul Ricardes will be acting Argentine envoy in Port-au-Prince until a permanent ambassador is named.

Di Tella also stated that during his stay in Washington he had spoken with [words indistinct]. Di Tella joked with the journalists that this had been the second successful "Operation Return" in which he had participated during his life, recalling that in 1972 he had accompanied General Juan Domingo Peron upon his return to Argentina.

Government Studies U.S. Request on Cuban Refugees*PY1710191794 Buenos Aires TELAM in Spanish 1252
GMT 17 Oct 94*

[FBIS Translated Text] Buenos Aires, 17 Oct (TELAM)—Vice Foreign Minister Fernando Petrella stated today that the Argentine Government is studying a U.S. request to seek a solution to the problem of the Cuban refugees.

Petrella told Radio 990: "One hypothetical solution would be to receive Cuban raft people, another would be to send aid so that the maintenance of these people does not fall on the shoulders of a very determined country."

He added: "We do not believe it (the Cuban crisis) is a problem exclusive to the United States," it is a problem

of "the entire hemisphere under the principle of solidarity as defined in the OAS Charter."

Petrella justified the U.S. request and the Argentine Government reaction when he said Bill Clinton's administration "is consulting with friendly countries" seeking solutions to the critical situation being experienced by Cuba.

After acknowledging that "we have very good relations" with Cuba despite our "colossal differences over the type of government" headed by Fidel Castro, the vice foreign minister indicated that he supports a solution that will allow Cubans to abandon the Caribbean island if they so wish.

Existence of Formal U.S. Request Denied*PY1710233994 Buenos Aires NOTICIAS
ARGENTINAS in Spanish 1933 GMT 17 Oct 94*

[FBIS Translated Text] Buenos Aires, 17 Oct (NA)—On 17 October, Deputy Minister Fernando Petrella denied that the U.S. Government had formally asked the Argentine Foreign Ministry to grant asylum to part of the 25,000 Cuban refugees, the raft people, who are at the Guantanamo military base and in Panama.

Petrella nevertheless conceded that on 14 October the U.S. Embassy sent a letter to Victor Auge, director of the North American Department at the Foreign Ministry, to "discuss the problem posed by the Cuban refugees."

"There has been no request to receive refugees, just the desire to discuss the issue with Argentina," he said. He thus ruled out that the government is studying a specific request on the part of the United States.

Petrella explained that the talks in this case are not centered on a request to grant asylum to some of the Cuban citizens who fled their country, "but rather on finding a solution to this problem, which may involve sending aid, medicine, and food" to the refugees.

"There is a panoply of solutions that must be analyzed, because this is not a problem that concerns solely the United States, but is a problem for the entire hemisphere, if one can say that solidarity still exists."

The vice foreign minister noted that in these cases one should bear in mind "humanitarian concerns as well as those of hemispheric solidarity." He thus rejected the contention that refugees should not be accepted because of the labor problems affecting Argentina.

In remarks made to Radio Continental and Radio Del Plata, Petrella said: "I wonder what would have happened if the hundreds of Argentines who left our country in the past had received the same reply when they asked for asylum in other countries."

Although Petrella denied the alleged U.S. request, it was leaked that the Foreign Ministry would delay analyzing this issue until Foreign Minister Guido Di Tella returns

to Buenos Aires. Di Tella has gone to Haiti to attend the reinstatement of President Jean-Bertrand Aristide in office.

The alleged request for help with the Cuban raft people has reportedly also been made by Washington to other Latin American countries, in a move to try to solve this problem.

In this regard Petrella explained that the subject "had been discussed in the past within the framework of the principle of hemispheric solidarity, as defined in the OAS Charter, which is a traditional aspect of the inter-American system."

In conclusion, Petrella pointed out that it was highly unlikely that OAS member countries would give a response in unison to define a policy concerning the raft people, considering that "all of them" must discuss it "with the U.S. Government."

Argentine-Cuban Chamber of Commerce Set Up

PY1710122194 Buenos Aires TELAM in Spanish 2255 GMT 14 Oct 94

[FBIS Translated Text] Buenos Aires, 14 Oct—The Argentine-Cuban Chamber of Commerce (CACC), which seeks to foster cultural and scientific exchanges among other things, has been announced during a news conference.

The ceremony was held at the Local Bank headquarters in Buenos Aires on the evening of 13 October and, following a toast, Juan Jose Greco and Orlando Carnovale, the president and vice president of the new chamber respectively, spoke with TELAM.

Greco explained that CACC will establish contacts between Argentine and Cuban businessmen, arrange deals between them, and advise those trading in both countries. He said: "Legally speaking, the trade embargo on Cuba does not exist for Argentina."

Carnovale said the first duty of the CACC—a non-profit making organization—will be to organize Argentina's participation at the '94 International Fair in Havana between 30 October and 6 November.

After reporting that leading U.S. companies "like Texaco, Chrysler, and Johnson & Johnson are setting up shop in Cuba beside Dutch and Israeli spinning mills," Carnovale pointed out that "trade possibilities between Argentina and Cuba are great."

He added enthusiastically: "Despite the current serious problems faced by Cuba, I forecast that in five years or so, it will be a great power."

Carnovale moreover recalled that Cuba's "external debt is insignificant—some \$3 billion—" adding that "no one can match its labor force or its technical and scientific level."

Greco underlined that "Cuba is an excellent way into a market of nearly 200 million people through the Caribbean Economic Association, which is about to become a common market comprising Mexico, Venezuela, Colombia, Guatemala, Costa Rica, Panama, and scores of island-states in the Caribbean."

Trade between Cuba and Argentina was at its height during Juan Domingo Peron's last administration, when it amounted to \$200 million annually.

Since then, trade ground to a halt until 1993 when it slightly recovered to reach \$64 million, although the balance was tipped in Argentina's favor.

Greco noted: "Argentina only imported Cuban goods worth \$2 million while its exports to the island added up to \$62 million."

He added that this year's outlook is brighter since he estimates bilateral trade will total \$85 million.

European Official Denies Hurdles to Trade

PY1410191394 Buenos Aires TELAM in Spanish 1834 GMT 12 Oct 94

[FBIS Translated Text] Buenos Aires, 12 Oct (TELAM)—Rene Steichen, the EU Agriculture and Rural Development Commission head, has said Europe does not impose non-tariff barriers on agricultural imports and rejected criticism against European commercial policies.

He said: "Argentina is the third biggest supplier of agriculture products to the EU. Nearly 80 percent of this country's exports are derived from agriculture. I do not think Argentina can say Europe closes its borders to agricultural products."

Steichen was appointed to head the European commission responsible for agriculture and rural development in January 1993. He arrived in Argentina yesterday. Today he met with Agriculture Secretary Felipe Sola to analyze bilateral relations following the recent signing of the GATT agreement.

Steichen was interviewed by TELAM. He said: "I do not think there are any non-tariff barriers. I think criticism in this respect is groundless." He said: "Europe respects the GATT agreements and will reduce its subsidized exports."

During 1993 Argentina exported nearly \$3.64 billion worth of goods to the EU, which represents 28 percent of the country's total exports. Thus, the EU is the country's main consumer.

Steichen said the EU is "the biggest world importer and the second biggest exporter of agricultural products."

Steichen added: "I would like to stress that European exports only represent 10 percent of our total production, which proves that we are open to other agricultural economies."

The European official said increasing exports of Argentine meat and grains to Europe "depends on competitiveness," forecasting "better world market prices" as a result of the general reduction of subsidies agreed by GATT.

Steichen said: "GATT contemplates a minimum opening to its partners, which has been increased from 3 percent to 5 percent, and creates interesting prospects for Argentina and other exporters."

In the next few hours the EU commissioner will pay President Carlos Menem a courtesy visit. He is also scheduled to meet with Economy Minister Domingo Cavallo upon his return from a tour of Europe and the United States.

Tomorrow Steichen is scheduled to meet with EU ambassadors and representatives based in the country. He will travel to Montevideo, Uruguay, at the end of the week.

The European official has also scheduled a meeting with legislators from the Argentine Friends of the EU legislators group, and representatives of the Argentine agricultural sector.

Regarding world trade Steichen said: "Asian countries are interesting to everyone, because they have flourishing economies and may purchase more abroad."

Economy Secretary Views Trade Deficit, Prospects
PY1410191994 Buenos Aires TELAM in Spanish 1756 GMT 12 Oct 94

[Report by special correspondent Angel Jozami]

[FBIS Translated Text] Ushuaia, 12 Oct (TELAM)—Economy Vice Minister Carlos Sanchez said today that Argentina's trade balance has been strongly in the red over the past few years, and that it is estimated that 1994 will end with a deficit of nearly \$5 billion. Sanchez added, however, that trade accounts should balance off by the year 2000.

In an exclusive interview with TELAM, Sanchez said: "This year we had a noticeable increase in exports, as well as a decrease in the rate at which imports have been increasing."

"This process will further develop with Mercosur [Common Market of the South] trading. We are sure that within a few years, by the end of the century, we will have a balanced trade situation or surpluses," the vice minister added.

Argentina's trade situation has been deteriorating since 1990. The country had a trade surplus of \$5.379 billion in 1989, \$8.274 billion in 1990; and \$3.7024 billion in 1991.

The balance of trade ended in the red the following years. The deficit was \$2.639 billion in 1992, \$3.6956 billion in 1993, and climbed to \$3.838 billion in the first eight

months of 1994, or a 152 percent increased compared to the a similar period in 1993.

Sanchez is in Ushuaia participating in the Fifteenth Annual Convention of the Argentine Institute of Finance Executives (IAEF). Sanchez said that the "analysis made here shows a recovery of developed economies and higher interest rates based on the U.S. Government's anti-inflationary policies."

Today "we have higher rates" for our financial needs, but "natural markets for our exports are growing, and we will be in good shape to receive genuine and real investments aimed at encouraging competitive production so as to be able to attend to this new demand."

With respect to the meeting of Mercosur member countries in Brazil in November, Sanchez said he was optimistic that members would be able to resolve "a series of pending matters to implement the political decision approved by the presidents during the last summit in Buenos Aires."

"Everything must be resolved satisfactorily if we want to implement most custom dispositions by 1 January 1995," Sanchez told TELAM.

With respect to the evolution of Brazil's Real Plan for economic stabilization, Sanchez said: "I see it with a lot of optimism, because it is a great contribution to progress in Brazil and for the Mercosur and Latin American economies."

The real "has had very important political support. That is very important, because without strong support it is very difficult to move ahead in trying to transform an economy of the complexity and size of the Brazilian economy."

Sanchez said: "We look at the Real Plan with a lot of optimism. We are convinced that the meaning of this progress is that in a few years we will be able to have an integrated Argentine and Brazilian economy with the consequent well-being for both nations."

I trust Brazil's economic stability will favor family consumption "which will mean an improvement in the Brazilian people's standard of living, which will, in turn, produce an important internal demand for foreign products. In this sense Argentina is a privileged partner, particularly in the area of food."

"Both economies will later have to move toward specialization, contemplating the best production conditions in each country. This is the basis for our economic integration," Sanchez said.

Commentator Sees Value-Added Product Export Boom

*PY1410213694 Buenos Aires NOTICIAS
ARGENTINAS in Spanish 1702 GMT 12 Oct 94*

[Article by Daniel Naszewski]

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[FBIS Translated Text] Buenos Aires, 12 Oct (NA)—When the preliminary August import figure was released, experts began to worry again. All the indicators pointed to a decrease in the volume of imports, but the \$2.033 billion worth of goods that entered the country during August was overwhelming. The concern is justifiable: In 1989, a year full of recession and hyperinflation, we imported \$4.201 billion worth of products, while in 1990 we imported a total of \$4.078 billion worth of products.

Studying Argentina's trade accounts reveals several long-term trends that are more important than these figures on their own. Exports are steadily growing and the increase is mostly fueled by industrial manufactured goods. During the first eight months of the year, exports increased by almost 16 percent compared to the first eight months of 1993. This very important dynamism of our exports becomes obvious if we consider that experts forecast a increase in the GDP of 6 percent for the year.

This very positive trend occurs in an economic context that encourages many experts to say that the dollar is undervalued. This claim makes the climbing export trend "extra" significant because the growth occurs without the traditional incentives produced by high exchange rates like those that prevailed in the 1980's. We must recognize that there is an active commercial policy that is based on incentives to export.

The economic team has been instrumental in the case of the export of products with high added value. The economic team has also streamlined the instruments for the return of traditional taxes, such as value added tax. Finally, the BICE—Foreign Trade and Investment Bank—is granting credits to finance exports, while the Industries Specialization Regime has received and approved the export of various hundreds of millions of dollars worth of goods.

All these initiatives fall within a strategy implemented by the Economy Ministry in 1992 and announced with the launching of the so-called "Cervantes plan" to improve the real exchange rate without changing the nominal exchange rate. This is what has been called "devaluation without devaluation." The outstanding part of this plan is that today, two years on, we can say the plan is working because the export of industrial manufactured products increased by nothing less than 30 percent during 1993 and there are indications it will grow again by a similar percentage during 1994. As of 1995 the tax return on products with high added value will also include agriculture manufactured products. Experts believe agriculture can achieve significant results given Argentina's natural advantages.

We must consider two points in the area of imports. First: Although imports during August amounted to \$2.033 billion, the trend is to decrease this following the importing boom of 1993 and the first half of 1994. With hindsight, this importing boom was totally predictable in an economy striding toward economic opening after two

years at the \$4 billion level—during a recession and with a very high real dollar exchange rate to discourage imports.

The second fact we must outline is that a good percentage of our imports are capital goods and equipment, indicating a vigorous process of retooling and modernization that can be seen throughout the economy. Figures show that 40 percent of total imports in the past few years are capital goods, which is a hopeful indicator because it shows investments in Argentina have increased and productive activities are preparing to become more competitive in the world. In a few words: Imports today mean even more exports in the coming years.

Poll Predicts First Round Menem Win in 1995

PY1810001994 Buenos Aires *LA NACION* in Spanish
17 Oct 94 p 1

[FBIS Translated Text] After months of uncertainty, the government has started to breathe easier. According to a survey prepared exclusively for *LA NACION*, Carlos Menem would win the 1995 presidential election in the first round, and with a difference with respect to the second best that would make a runoff unnecessary.

The survey was conducted by Julio Aurelio, who questioned 9,663 people, a number that greatly exceeds the sample used by most other surveys. It revealed, including the projection for undecided voters, that the PJ [Justicialist Party] would obtain 43 percent of the votes, the Grand Front 20.7 percent, and the UCR [Radical Civic Union] 18.9 percent.

The survey was conducted between 1 September and 10 October in key districts, including the Federal Capital, Buenos Aires, Cordoba, Santa Fe, Mendoza, Chaco, and Rio Negro.

Without adding the projection for undecided voters in the 14 May 1995 elections, the PJ would obtain 37.3 percent, the Grand Front 17 percent, the UCR 15.5 percent, and Modin [Movement for Independence and Dignity] 4.6 percent. Other parties would obtain 6.9 percent, blank votes would amount to 4.8 percent, and the undecided would add up to 13.8 percent.

Aurelio, whose survey on the Buenos Aires plebiscite was very accurate, believes there are different ways to project the votes of undecided voters. All the calculations throw up similar results. The Argentine people will not inaugurate the runoff system in 1995.

According to a linear projection, where votes are given to parties in accordance with the percentage they actually obtained, the PJ would have 45.8 percent while the Grand Front would have 21 percent.

If we make a projection according to the votes obtained on 10 April, the PJ would obtain 41.2 percent, the Grand Front 20.4 percent, and the UCR 18.7 percent.

According to Aurelio, Menem supporters have recovered the votes of people who opposed them in past elections, and on 14 May 1995 will obtain 43.5 percent of the total.

The survey conclusions are demolishing. No matter how you project the votes of the undecided, the government would obtain more than the 40 percent necessary to prevent a runoff.

Under all circumstances the PJ would obtain over 20 percentage points more than any of its followers, and the sum of those who voted for the Grand Front and the UCR does not exceed the percentage obtained by the PJ.

Communists Oppose Grand Front Move to Right

PY1710214894 Buenos Aires TELAM in Spanish 2240 GMT 10 Oct 94

[FBIS Translated Text] Buenos Aires, 10 Oct (TELAM)—The Communist Party (PC) has stretched the distance between itself and Grand Front [FG] presidential hopeful Carlos "Chacho" Alvarez because it believes that the FG leader is moving the Front "to the right."

During a Central Committee meeting in this capital over the weekend, the PC concluded that "the FG National Promoting Board continues the process of moving the party to the right."

According to a press communique, the PC says that "the hopes of voters who supported the FG as an alternative for change have been warped."

In view of this situation, the Communists said that they would promote "the creation of a political space to rescue the original FG project, which seeks to turn into reality the yearning for a country without unemployment and hunger, and one which is at the service of the majority of the people."

In other words, PC Secretary General Patricio Echegaray's hosts are getting ready for a decisive battle against Alvarez's group inside the FG, in order to discuss political, organizational, and programmatic proposals and, obviously, candidacies.

The PC is, consequently, moving to strengthen its links with other FG factions, such as the Grand Current headed by Fernando "Pino" Solanas, People's Encounter headed by Luis Brunatti, and Peronists for the Front headed by Envar El Kadre.

The PC Central Committee decided to incorporate four new members into the executive committee: Rogelio de Leonardis, an education leader from La Rioja; Antonio Alac from Neuquen; Julio Pedemonte from La Pampa; and Antonio Forete, president of the Pensioners' Coordinating Board.

These incorporations will cover the seats left empty by Alejandro Mosquera, Rodolfo Casal, Oscar Laborde, and Mario Bianchi, who bolted from the party due to disagreements with FG official policies.

Modin Leader Aldo Rico Interviewed

PY1410203094 Buenos Aires TELAM in Spanish 1811 GMT 5 Oct 94

[Interview with Aldo Rico, Movement for Independence and Dignity, Modin, leader, by unidentified reporter; place and date not given]

[FBIS Translated Text] [Reporter] How are you going to elaborate a Quinquennial Plan with Eduardo Duhalde if you are opposed to the administration's economic model?

[Rico] The plan has nothing to do with the government's economic model. A Quinquennial Plan means works and resources. Modin representatives in the Santa Fe Constituent Assembly, as a rule, voted against co-participation [Radical Civic Union, UCR-Justicialist Party, PJ agreement], but agreed on two items preserving specific prerogatives. In the case of Buenos Aires Province, the prerogative refers to the Fund for the Historic Renewal of Urban Buenos Aires. This fund is usually used for electoral purposes. We want to participate in controlling it to see that resources are invested in works. We also want to participate in the design of the fund's investment plan.

[Reporter] Does Governor Duhalde agree with your proposal?

[Rico] The governor is interested in the plan. Regrettably, we have been delayed by Modin's crisis.

[Reporter] Could the plan be in any conflict with Domingo Cavallo's program?

[Rico] Cavallo has nothing to do with the plan. The problem is to define how Buenos Aires provincial funds will be used, particularly those affecting urban areas. Cavallo's plan might have an effect on the amount of the fund, but the province is responsible for determining how and where they are used. We need a political instrument to do this and we want to be part of it.

[Reporter] Will Modin, PJ, and Universidad del Salvador technicians participate in the design of this plan?

[Rico] That is what we want, but all interested political parties are invited to participate.

[Reporter] Has Duhalde started taking concrete steps in that direction?

[Rico] That is the governor's problem, not mine. I will participate. If the governor can convince others to participate as well, so much the better.

[Reporter] You said small parties can pressure large parties to force them to change their electoral platform, particularly in the case of runoff elections. Is this Quinquennial Plan part of that strategy of pressure?

[Rico] Both things have absolutely nothing to do with each other. I think political forces that end up in third

and fourth place will have to support, in a runoff election, a ticket that will not be theirs and a different platform. In Buenos Aires Province, however, Modin proved that a fourth force can change many things. For instance, we changed the orientation of Buenos Aires constitutional reform. We could also balance a government program or make the program include the interests of a given group.

[Reporter] Do you mean that large political parties might change items in their programs in exchange for votes?

[Rico] Exactly. I give you as an example the fact that the PJ became immersed, at the national and provincial level, in the immediate goal of reelection and forgot government programs somewhat. The exchange will occur in a runoff election. The first and second political forces will renounce some items in their platform in exchange for votes.

[Reporter] Do you think Modin can make the government change its economic program in 1995 if there is a need for a runoff election? How would Domingo Cavallo react?

[Rico] It would not be Cavallo's problem. It will be the president's problem if he wants to be reelected.

[Reporter] What should the PJ change in its platform?

[Rico] I cannot speak that far ahead. Modin says that the current economic model concentrates wealth in the hands of a few and excludes the majorities. We want a model of internal accumulation where the economic surplus that is generated stays in the country and is reinvested.

[Reporter] A model of closed borders?

[Rico] The internal accumulation has nothing to do with the closing of borders. The United States is an example of internal accumulation, and that country's borders are not closed. The same thing happens in Germany, Japan, France, Malaysia, and Taiwan, to mention a few cases.

[Reporter] Their borders were closed at a certain moment.

[Rico] It was a different historic moment. The important thing is that they defended their production.

[Reporter] You have said you are not afraid of the "bear's embrace" and that your party will not be absorbed by the PJ. Why are you so sure you will not be absorbed?

[Rico] We are speaking about the future, not the present. I think this model will collapse because, above everything else, it has difficulties with the balance of payments. Some parties will inherit the PJ votes and Modin will be there.

[Reporter] At one point you said you had presidential ambitions. Why are you working on the premise that you will be a minority party in 1995?

[Rico] I will try to be first in the presidential election, but I will probably not succeed. I am a realist. Modin, as the fourth political force in Buenos Aires Province, has proven it can change the political scene, not only in the province, but also at the national level.

[Reporter] The dissident forces that created the blue and white Modin say that you have surrendered the party flag.

[Rico] They are miserable people. Their human nature does not permit them to leave their miseries behind. They are also thieves of legislative seats. They are egoists, clumsy, and scoundrels. A case in point is Deputy Roberto Etchenique. Luis Polo, on the other hand, is inept because he does not see reality. Etchenique is a scoundrel because he wanted to involve us in PJ internal problems through Osvaldo Mercuri. Julio Carretto, meanwhile, used his contacts with the UCR and the Grand Front to try to convince us to vote "No" in the plebiscite. They are out of the party. Modin refuses to get involved in politics in terms of "Yes" or "No."

[Reporter] Modin has split in two, has it not?

[Rico] If we were split the way you say, we would not have given Duhalde 16.9 percent of the "Yes" votes, although we left our sympathizers free to vote any way they chose. If Modin can get 15 percent of the votes in Buenos Aires Province and participate in all electoral districts, it could be a partner in a government coalition. I say this as a possibility. It is an answer to those who speak about "the bear's embrace." First, bears are beasts, and I am an intelligent man. Second, if the bear embraces you, you must do whatever is necessary to get him to let you go. This is why, instead of playing with verbs like "affirm" and "deny," as was done by many politicians in the plebiscite, I prefer to use the verb "think."

Bolivia

10,000 Families To Leave Chapare, End Coca Production

PY1710205094 La Paz HOY in Spanish 5 Oct 94 p 3

[FBIS Translated Text] Victor Estrada, president of the Association of Settlers of the Cochabamba Tropical Region, reported yesterday that some 10,000 families dedicated to coca production will leave the Chapare region to engage in agricultural production.

Estrada said these families have expressed "their intention to seek a change in life" in other regions of Cochabamba Department.

Representatives of the settlers and of the National Fund for Alternative Development (Fonadal) signed an agreement by which the government promises to disburse \$3 million to support infrastructure projects to benefit these families.

Commentary on 'Contradictory' U.S. Policy on Coca
PY1810004194 La Paz HOY in Spanish 5 Oct 94 p 6

[Unattributed commentary]

[FBIS Translated Text] The U.S. Administration is opposed to the Bolivian proposal to decriminalize coca, but allows one of its main companies to import that product, notwithstanding the fact that it is included on the list of elements banned by the 1961 Vienna Convention.

According to Guido Camacho, former president of the Chamber of Deputies Narcotics Committee, a report by the Industry and Commerce Ministry states that one of the most important U.S. consortiums imports \$554,000 worth of coca annually, "which shows a contradiction in the repressive U.S. policy implemented against the producing countries."

Last week the government tried to begin a new world crusade to decriminalize coca, but the initiative was aborted a few hours after U.S. Ambassador Richard Bowers recalled that "for the world, coca means cocaine."

Deputy Camacho nevertheless noted that the U.S. "Coca-Cola" company, which produces one of the most widely sold soft drinks in the world, imports \$554,000 worth of coca leaves annually.

He added that everything is recorded in precise reports by the Bolivian Industry and Commerce Ministry.

According to Camacho, this simple fact "leads us to the conclusion that coca has components which are used for human consumption, and that this consumption is not punishable by law." Therefore, he added, "in the chemical composition of the coca leaf there are a number of elements that can be consumed by humans without causing any physical or moral damage."

Recalling the aggressive U.S. policy of promoting the eradication of coca plantations, Camacho noted that it is "a contradiction manipulated by U.S. interests, which essentially see a drain on the economy when large resources have to be earmarked for the repression of drug traffickers inside the United States and also to fight the addiction of its citizens."

Camacho further stated: "What the United States has done is to choose the weakest side by imposing a reduction in cocaine production, since the weakest part of the issue is not its own social and legal structure but the policy of a Third World country such as Bolivia."

"Had the United States prevented the marketing of precursors, I am certain that coca could have had a more domestic and more beneficial use for mankind; the pharmacological and food industries would have been developed," Camacho said.

Japanese Envoy's Remarks on Planned Aid Noted
PY1510022094 La Paz PRESENCIA in Spanish 22 Sep 94 p 6

[FBIS Translated Text] Japanese Ambassador to Bolivia Shizuya Kato has reported that the Japanese Government is pleased with the efforts Bolivia is making, albeit slowly, to eradicate poverty, and that for this reason it has decided to increase Japanese aid to this country.

Japan grants Bolivia between \$60 and \$70 million yearly in technical and economic cooperation assistance, making it one of the countries that grants the most aid to the country.

"The Japanese Government is pleased with the significant efforts being made by the Bolivian governments over the past few years to eradicate poverty, after many years without democracy. Although the pace of aid is still slow, it is valuable, and for this reason we have decided to increasingly cooperate with your country," the ambassador said.

The Japanese aid to Bolivia is extended through the Official Development Assistance (ODA), comprising nonreimbursable economic cooperation, technical cooperation, credits in yen, and contributions and donations to multilateral organizations.

Thus, the Japanese cooperation includes several fields in the Bolivian social and economic areas, intended especially for the poorest areas in the country.

The ambassador explained that cooperation over the past few years has focused on the communities to grant them basic services, drilling water wells, improving roads, and training in agricultural techniques and increasing food production.

It also seeks to assist the people from rural communities with small loans to promote production and trade.

In the health area, Japan has signed several agreements to help the construction of hospitals and health centers in the different zones of the country, while in the education area, the cooperation was for the construction and implementation of schools.

He added: "Our assistance has been focusing mainly on the poorest areas where the people need to improve their living conditions. We have also extended our cooperation in the implementation of several development projects, which have received the support of local officials and of the people."

Accord Reached With Peruvian Military on Preserving Amazon*PY1410222094 La Paz PRESENCIA in Spanish 27 Sep 94 p 7*

[FBIS Translated Text] General Moises Shiriqui, Bolivian Armed Forces General Staff chief [position

held before his resignation on 4 October], stated yesterday that the third round of talks between the top military commands of Peru and Bolivia, which concluded on Friday, 23 September, reached a decision on working for the preservation of the Amazon.

He said all members of the top military commands from the two countries expressed their concern over the indiscriminate cutting of trees and the pollution of jungle regions by timber and mining companies and by the actions of drug traffickers.

According to the explanation of Gen. Shiriqui, who headed the Bolivian military delegation to the meeting, the work to preserve the environment is not only the responsibility of the institutions in charge of its control, but encompasses other organizations as well, such as the Armed Forces, which have specialized units deployed along the Amazon region. "All participants have also agreed to implement plans and programs intended to provide humanitarian assistance to rural border regions between Bolivia and Peru, namely, in the zones near Lake Titicaca," Gen. Shiriqui explained.

He explained further that the meeting has served to ratify the desire to exchange officers and cadets of the two countries' Armed Forces so as to enhance their professional abilities.

He added that this experience has allowed them to learn about the progress achieved by Peruvian military personnel in the fight against subversion, an evil which has been adversely affecting Peru for more than a decade.

"The government, the Armed Forces, and the Peruvian police are succeeding in pacifying that nation with a firm fight against terrorism, because that task has the support of the Peruvian people," the general said in answer to a question.

Nevertheless, Gen. Shiriqui said that on Friday [23 September], during the return flight from Trujillo to Lima, the plane, aboard which he and seven other Bolivian officers who attended the third round of talks were traveling, could not land at the airport because of a presumed terrorist attack.

He said that this emergency situation forced the plane to land in the city of Pisco, 30 km from Lima, while the Peruvian police were defusing the bomb.

Despite the coincidence of the planting of the bomb and the landing of an airplane that was carrying the Bolivian officers, the Peruvian police were unable to confirm the objectives of the frustrated terrorist attack.

FAB Rejects 'Illusions' of Buying Sophisticated Aircraft

PY1710235294 La Paz HOY in Spanish 1 Oct 94
Political Section p 6

[FBIS Translated Text] General Jose Perez Reyes Ortiz, commander of the Bolivian Air Force (FAB), stated

yesterday that the country's critical economic situation forces us to "reject illusions of equipping our fighting units with the most sophisticated fighter planes," which most of our neighbors have.

He explained, however, that this announcement must not sound like a resignation, adding that the FAB will soon purchase a squadron of aircraft and four (or five) "multipurpose" helicopters, and that they will be financed by the institution itself.

Perez Ortiz, who was attending the 62d anniversary of the "31st" Air Fighter Group headquartered in El Alto, explained that despite the country's economic limitations the FAB must find the most adequate means for reinforcing national aviation.

"Under the current circumstances we must talk about multipurpose air materiel that will allow us to fulfill our mission and at the same time train our personnel, in modern aircraft easily transferred into action, as the case requires," he said.

The Bolivian Air Force, together with that of Paraguay, is last in the scale of the best equipped military institutions in the Latin American region.

According to the Air Force commander, the priorities for military aviation must be to equip it with search and rescue units to be used in accidents and natural disasters.

"We have to talk about the necessary renewal and reinforcement of the fighter planes, understanding this process as an essential part of the harmonious development not only of national aviation but as part of the overall development of Bolivia," he said.

According to Perez Ortiz, reinforcement of military aviation automatically represents better control of air space, and as a logical consequence guarantees more effective control of national sovereignty in cases of aggression by drug traffickers or any other foreign enemy.

Navy Commander Charged With Sexual Harassment

PY1410192594 Santa Cruz EL MUNDO in Spanish
1 Oct 94 p 2

[FBIS Translated Text] La Paz—On Thursday, 29 September, the Supreme Military Court officially began the trial of Admiral Julio Molina Padilla—who is charged with sexual harassment—for abuse of authority and failing to observe military ethical and moral standards. Legal proceedings were also started to place Molina on availability status.

Molina may be subject to the home arrest ordered on 13 September by General Moises Shiriqui, the Armed Forces joint Chief of Staff, or parole should he request it.

The charges of sexual harassment and rape, which prompted an inquest that did not find the military

commander guilty, are not listed in the Military Penal Code. He was thus charged with a similar crime which does appear in the Military Code.

War auditor Rolando Simbron, who reviewed the complementary documents sent by Gen. Shiriqui, acknowledged the case and began legal proceedings against the Navy commander.

Molina is currently under the Military Court's disposal and a prosecutor will be appointed soon to begin the trial with the normal questioning.

With Molina's imminent placement on availability status, so that he may answer the charges against him, the commander's post will be fulfilled by the current deputy commander until the trial ends and it is determined if Molina is guilty.

This afternoon, personnel close to the admiral said he was normally carrying out his activities and that he would even attend a routine meeting at the Defense Ministry.

ADN Names Banzer 1997 Presidential Candidate

PY1810004094 Madrid EFE in Spanish 0033 GMT 14 Oct 94

[FBIS Translated Excerpt] La Paz, 14 Oct (EFE)—Nationalist Democratic Action (ADN) today decided to reinstate General Hugo Banzer (Retired) as its top-ranking leader. ADN proclaimed him a presidential candidate for the 1997 presidential elections, although after the 1993 general elections Banzer announced his withdrawal from politics.

ADN, a rightist party established by Banzer which is currently in the opposition, today decided to proclaim Banzer's candidacy during the opening session of its general assembly. Banzer, who did not attend the ceremony, has not stated whether or not he would accept running.

Banzer, 68, announced his definitive withdrawal from politics after suffering his worse electoral defeat in the June 1993 elections. [passage omitted]

UCS Head Disregards Governability Pact With MNR

PY1710184894 La Paz Television Nacional Network in Spanish 0100 GMT 15 Oct 94

[FBIS Translated Excerpt] We will now carry highlights of UCS [Solidarity Civic Union] leader Max Fernandez's news conference referring, specifically, to the famous governability pact with the MNR [Nationalist Revolutionary Movement].

Surrounded by practically every UCS bloc members, Max Fernandez disregarded the agreements recently signed with the MNR and expelled two legislators, one of them a senator of the Republic.

[Begin Fernandez recording] Honorable Guillermo Rosso has been placed in the hands of the disciplinary board to be expelled from our party. Deputy Osman Landivar will also be placed in the hands of the disciplinary board to be judged and also expelled from our party. [end recording]

What is the UCS doing? None of the journalists at the news conference could really understand what Max Fernandez was trying to say. This is why they fired questions at him at the end of the news conference, for example, to hear what happened to the latest pact.

[Begin Fernandez recording] It is not valid because the only valid document is the one I signed. Sanchez de Lozada should observe it, at least, out of respect because one should not sign just for the sake of signing. One cannot erase with one hand what one has signed with the other. I want to point out that the only valid document is the one I signed with Sanchez de Lozada. The other documents drafted without consulting me seek to divide our party. They are not valid. [end recording]

In just a few words, Max Fernandez charged the MNR with being corrupt and said that the only valid pact is the first one, signed in July 1993 with Gonzalo Sanchez de Lozada.

Brazil

'Final' Presidential Election Results Released

PY1710162494 Rio de Janeiro Rede Globo Television in Portuguese 1500 GMT 17 Oct 94

[FBIS Translated Text] The Superior Electoral Court this morning released the final results of the elections.

In the election for president, 77,971,676 votes were counted. The abstention rate was 17.74 percent. Here-with the final figures:

Fernando Henrique Cardoso	34,377,198 votes
Luiz Inacio Lula da Silva	17,126,291 votes
Eneas Carneiro	4,672,026 votes
Orestes Quercia	2,773,793 votes
Leonel Brizola	2,016,386 votes
Esperidiao Amin	1,740,210 votes
Carlos Gomes	387,927 votes
Hernani Fortuna	238,323 votes
blank votes	7,193,917
null votes	7,445,605

To win the presidential election in the first round, a candidate must have 50 percent of valid votes plus one. Cardoso has 54.3 percent. The total number of votes received by all other candidates amounts to 45.7 percent of valid votes.

Amin Declares PPR Support for Constitution Revision

PY1410191794 Sao Paulo AGENCIA ESTADO in Portuguese 2056 GMT 9 Oct 94

[FBIS Translated Excerpt] Brasilia, 9 Oct (EFE)—Progressive Renewal Party (PPR) President Esperidiao Amin today said he is willing to be an ally in Congress of President-elect Fernando Henrique Cardoso (Brazilian Social Democracy Party) to guarantee the amendment of the Constitution. Amin, who came in sixth in the presidential elections, understands that Brazil can no longer coexist with the distortions provoked by the chapters on economy, tax, and social security system in the current Constitution. [passage omitted]

Amin guaranteed that his party's support for the amendment of the Constitution does not imply an exchange of favors or government posts. He said the PPR did not discuss such a possibility even during the Itamar Franco administration when he turned down the Science and Technology Ministry.

His commitment is with the PPR program, he said, recalling that since the beginning of the year he has been trying modify the text of the Constitution to Brazilian reality. Amin believes the new PPR congressmen will join the effort to approve basic constitutional amendments. "The important thing for Brazil now is to have a government with a leading capability so as to conduct a constitutional reform." He said the future president cannot be as indifferent as President Itamar Franco who, although wanting constitution reform, did not do anything about it. [passage omitted]

Cardoso Denies Intent To Extend IPMF

95SM0004B Sao Paulo O ESTADO DE SAO PAULO in Portuguese 23 Sep 94 p B3

[Article by Marta Salomon and Ayrton Centeno: "Cardoso Denies Intent To Extend IPMF"; introductory paragraph in italics as published]

[FBIS Translated Text] *An adviser to the candidate claims, however, that the tax may be collected for a few months into 1995.*

Brasilia—Fernando Henrique Cardoso of the PSDB [Brazilian Social Democracy Party], candidate for president of the republic, asserted yesterday that he does not intend to extend the provisional tax on financial operations (IPMF), as some of his advisers and some members of his economic team are privately advocating. "I am not encouraging this, and I will not take the initiative," the candidate said, adding that he thinks it will be difficult to win congressional approval of a constitutional amendment allowing the government to continue collecting that tax after December.

In Porto Alegre yesterday, Paulo Renato de Souza, general coordinator of the government program for the coalition between the PSDB, the PFL [Liberal Front

Party] and the PTB [Brazilian Labor Party], admitted the possibility that the IPMF would be extended "for a few months" into 1995 if Cardoso won the election. He said that if a Cardoso administration is elected, it does not plan to continue the tax but that the state should not relinquish the funds provided by that tax unless it provides another source of revenue.

At the very start of the presidential campaign, Cardoso called for early repeal of the tax that he himself had introduced while he was minister of finance to ensure that the public accounts would remain balanced throughout President Itamar Franco's term. He said at the time that the 0.25-percent tax on all financial operations had come to represent a very high tax burden for a stabilized economy. Two weeks ago, the candidate admitted that he would study the idea of extending the period during which the IPMF would be collected.

That would be one alternative for the future administration in view of the obvious difficulties involved in winning immediate congressional approval of a tax reform.

Revenues Equal Investment Budget

Annual revenue from the IPMF is expected to total 4 billion reais—the equivalent of the entire appropriation for investment in the draft budget for next year. Fernando Henrique's government program calls for investing 100 billion reais in infrastructure projects during his four years in office. Of that total, \$15 billion would be transferred from the budget.

The candidate recognizes that passage of a tax reform is an urgent task, especially as a necessary complement to the Real Plan. But to avoid controversy, he is refusing to discuss details of the matter before the votes on 3 October are counted. Fernando Henrique's advisers and allies recognize that it will be difficult to win approval for any change to the Constitution before the new congressmen take office in February 1995.

They are resisting the idea of moving the start of the fiscal year from January to July as a means of gaining more time to solve the initial cash problems that will exist if a PSDB administration is elected.

Cardoso on Ethics, Right To Strike

Views Ethics in Government

95SM0005A Rio de Janeiro JORNAL DO BRASIL in Portuguese 11 Sep 94 p 18

[Interview with Fernando Henrique Cardoso, presidential candidate backed by the Brazilian Social Democracy Party, the Liberal Front Party, and the Brazilian Labor Party: "Government Program: Administration Ethics"; place and date not given]

[FBIS Translated Text] [JORNAL DO BRASIL] How will your administration deal with the question of ethics in the public administration?

[Cardoso] My record enables me to guarantee that an administration headed by me will observe the rules of ethics—after all, that is the duty of every citizen and not, as some people mistakenly believe, a special quality. Heading an ethical administration means giving first place to the constitutional principles of legality, impersonality, and morality. My administration will make that a daily exercise. I am not going to make a pact with the promoters of backwardness, patronage, and corporatism—practices which are immoral even when they are not illegal. I am determined to further strengthen the executive branch's mechanisms for internal control. Congress, the judicial branch, the press, and organized civilian society, which have grown stronger during this country's recent history, have proven to be exceptional means of exercising external control over the public administration.

[JORNAL DO BRASIL] Is an ethical revolution alone capable of furthering the changes this country needs?

[Cardoso] I do not believe that there is suddenly going to be an ethical *revolution*. As I said, ethics are the obligation of every citizen and must be reflected in the daily observance of consistent rules and values that will place the transforming power of ideas at the service of the common good. In recent years, in addition to the revolution we Brazilians were already feeling over the country's growing poverty, we have also started to feel tremendous indignation over the scandals and plundering that have grown to unimaginable proportions and involved key figures in the executive, legislative, and judicial branches and the private sector. Society has been sending signals that it is no longer going to tolerate practices of that kind and that they must be stopped in rigorous fashion. But in politics, besides the issue of ethics, the changes that Brazil needs require clear objectives, clearheadedness in diagnosing them, and competence in carrying them out.

Discusses Right To Strike

95SM0005B Rio de Janeiro JORNAL DO BRASIL in Portuguese 18 Sep 94 p 13

[Interview with Fernando Henrique Cardoso, presidential candidate backed by the Brazilian Social Democracy Party, the Liberal Front Party, and the Brazilian Labor Party: "Government Program: Right To Strike"; place and date not given]

[FBIS Translated Excerpt] [Passage omitted]

[JORNAL DO BRASIL] Do you feel that the current regulations governing the right to strike are adequate?

[Cardoso] As far as the private sector is concerned, yes. Law No. 7,783 dated 1989 provides a reasonable balance between the rights of workers and the users of essential services and activities, which cannot be interrupted. Strikes in the public sector remain to be regulated in that same spirit.

[JORNAL DO BRASIL] Should the government play any role in the case of strikes against government-owned firms and the private sector?

[Cardoso] Whenever a strike, whether in the public or the private sector, endangers the providing of services or activities in sectors basic to the life of the population, the government must assume its proper role as mediator in the negotiations, and it must also be prepared to go to court whenever strikes harm the rights of citizens by going beyond legal limits. The important thing is that the interests of the population must not be harmed.

Increased Tax Incentives in 1995 Budget

95SM0004A Sao Paulo GAZETA MERCANTIL in Portuguese 5 Sep 94 p 3

[Article by Lu Aiko Otta: "Union Budget for 1995 Foregoes 7.039 Billion Reals in Taxes"]

[FBIS Translated Text] Brasilia—Brazil will forgo the collection of 7.039 billion reals in taxes this year as a result of tax incentives granted by the federal government. That amount, which is found in the General Union Budget (OGU) for 1995, represents an increase of 48.8 percent over the estimated tax relief this year.

The Manaus Free Zone (ZFM), the automobile industry, duty-free shops, and individuals are among those whose benefits will increase as a result of tax exemptions in 1995. Firms already established in the areas covered by Sudene [Northeast Development Superintendency] and Sudam [Amazon Region Development Superintendency] have been exempted from income tax until the year 2000 under the terms of Law No. 8,874/94, according to the study by the Federal Revenue Office that was the basis for the tax incentive budget.

An official in the Federal Revenue Office explained that incentives for the Manaus Free Zone are also increasing because the production estimates for next year are higher than those for this year. Exemptions from the industrial products tax (IPI) in the case of products imported by firms in the ZFM, for example, are up from 160 million reals to 365 million reals even though there have been no changes in the law. This means that the increase is due to the larger volume of imports.

The protocol covering the production of people's cars, which guarantees an IPI rate of 0.1 percent for those models, will result in a loss of 300 million reals in taxes next year. The figure for this year was 142 million reals, but a higher production volume is expected in 1995 to meet the demand for people's cars.

Duty-free shops are being granted the only exemption from the social investment contribution (Cofins) (3.9 million reals for next year). A directive issued this year guarantees that sales to tourists passing through the country will be exempt from the Cofins that would normally be collected by duty-free shops.

Breakdown of Tax Incentives					
Description	Percent of total	(1,000's of reals)		Percent of GDP*	
	incentives (1995)	Forecast 1995	Forecast 1994	1995	1994
Corporate income tax	29.84	2,100,573.8	1,603,708.0	0.38	0.30
Data processing	0.88	62,000.0	60,070.7	0.01	0.01
Regional development	9.02	691,571.4	906,561.3	0.12	0.17
Machinery and equipment	7.55	531,394.8	349,088.2	0.10	0.07
Workers' benefits	0.41	28,912.3	80,009.1	0.01	0.02
National Cultural Support Program	0.88	60,804.0	53,091.6	0.01	0.01
Fund for Children's and Adolescents' Rights	0.60	42,562.8	40,839.7	0.01	0.01
Other	9.71	683,328.5	113,447.4	0.12	0.02
Industrial products tax [IPI]	27.52	1,937,257.6	1,820,021.7	0.35	0.34
Shipbuilding	0.40	28,337.1	140,284.2	0.01	0.03
Machinery and equipment	0.34	24,119.6	451,514.2	0.00	0.08
Iron and steel industry	3.66	257,582.7	147,899.9	0.05	0.03
Data processing	2.84	200,000.0	193,776.4	0.04	0.04
Manaus Free Zone	15.40	1,083,800.0	697,424.1	0.20	0.13
People's vehicles	4.26	300,000.0	142,238.0	0.05	0.03
Polyethylene film	0.28	20,000.0	18,409.0	0.00	0.00
Mass transit vehicles	0.28	20,000.0	17,332.8	0.00	0.00
Other	0.05	3,418.2	11,143.1	0.00	0.00
Import tax	13.13	924,363.4	593,489.3	0.17	0.11
Manaus and Western Amazon Region Free Zone	8.17	574,798.9	236,603.4	0.10	0.04
Machinery and equipment	0.87	47,333.4	43,242.8	0.01	0.01
Duty-free shops	0.58	39,419.8	23,431.6	0.01	0.00
Land border customs stations	1.18	81,480.0	140,487.9	0.01	0.03
Other	2.58	181,331.3	149,723.6	0.03	0.03
Import-related IPI	9.10	640,560.5	483,733.1	0.12	0.09
Manaus Free Zone	5.19	365,453.6	160,849.2	0.07	0.03
Machinery and equipment	0.58	40,947.1	11,033.5	0.01	0.00
Sports	0.13	9,216.0	145.3	0.00	0.00
Duty-free shops	0.50	35,477.8	70,294.8	0.01	0.01
Land border customs stations	1.04	73,332.0	157,898.5	0.01	0.03
Other	1.65	116,134.0	83,511.8	0.02	0.02
Personal income tax	15.22	1,071,175.1	144,742.0	0.19	0.03
National Cultural Support Program	0.50	34,993.1	27,115.5	0.01	0.01
Funds for Children's and Adolescents' Rights	0.38	26,917.8	20,858.1	0.00	0.00
Monthly deductions and reported income	13.68	962,884.1	95,874.0	0.17	0.02
Audiovisual activity	0.65	45,840.0	894.4	0.01	0.00
Other		540.1	0.0		
Tax on credit, exchange, and insurance operations	1.71	120,040.2	12,324.7	0.02	0.00
Freight surtax for merchant marine modernization	1.53	107,562.4	60,592.0	0.02	0.01

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Income tax withheld at source	0.27	18,894.8	12,623.0	0.00	0.00
PDTI/PDTA**	0.20	14,321.0	11,850.4	0.00	0.00
Audiovisual activity	0.05	3,820.0	74.5	0.00	0.00
Other	0.01	753.8	696.1	0.00	0.00
Social investment contribution (Cofins)	0.06	3,942.0	0.0	0.00	0.00
Social contribution to PIS/Pasep***	1.63	115,000.0	0.0	0.02	0.00
Total incentives	100.00	7,039,369.8	4,730,633.8	1.27	0.89
GDP		553,386,996.0	532,102,881.0		

* [gross domestic product]

** [expansion not given]

*** [Social Integration Program/Government Employees Welfare Fund]

Source: Federal Revenue Secretariat, Ministry of Finance

Individuals are expected to benefit from incentives worth 1.071 billion reais next year. The bulk of that amount will be in the form of authorized deductions from monthly withholdings and in reported income, examples being the exemption for dependents and the deductions for educational and medical expenses. Since no new deductions have been authorized for 1995, the increase of 640 percent is explained by the Federal Revenue Office as being due to revised estimates.

Between the 1994 and 1995 budgets, there were seven legislative amendments dealing with incentives, according to a survey by the Federal Revenue Office. They are the following:

1. Provisional Measure No. 423/94 limits IRPJ [corporate income tax] deductions for cultural projects and audiovisual activities to 3 percent of the tax due.
2. Provisional Measure No. 444/94 limits IRPJ deductions for the Employee Food Program, transportation vouchers, the Fund for Children's and Adolescents' Rights, and industrial development programs to 8 percent of the tax due.
3. Law No. 8,857/94 authorizes the establishment of free trade zones in Brasilia and Cruzeiro do Sul, Acre.
4. Decree No. 1,095/94 limits deductions by individuals and corporations in connection with the sponsorship of or donations to the National Cultural Program.
5. Law No. 8,864/94 provides special tax treatment for small and very small businesses.
6. Law No. 8,874/94 restores, until the year 2000, the income tax exemption for firms in the Sudene and Sudam areas and the 50-percent reduction in income tax for firms already established there as of 12 July 1963.
7. Decree No. 1,157/94 reduces to zero the IOF [financial operations tax] applying to foreign exchange operations in connection with technology transfer.

Drop in Industrialized Product Exports Reported

PY1710134394 Rio de Janeiro JORNAL DO BRASIL in Portuguese 13 Oct 94 Business and Finances Section p 3

[Article by Lucinda Pinto]

[FBIS Translated Text] Sao Paulo—The current exchange policy plus a reduction in the import tax on several products is revealing peculiarities regarding Brazilian foreign trade. Pratini de Moraes, president of the Brazilian Foreign Trade Association (ABCE), has said the current trend seems to indicate an increase in exports of commodities. Brazil is very competitive in the area of commodities. Industrialized products exports, however, will probably drop because companies will probably prefer to supply the domestic market.

Pratini de Moraes added: "The domestic market has been warming up since July. It is currently more interesting to sell in Brazil than to export in view of the exchange imbalance and the taxes charged on that sort of operation."

He said 13.3 percent more coffee, sugar, cellulose, and aluminum were exported by August compared to the same period last year, adding: "The prices of these products on the domestic market has increased since last year and Brazilian prices are now similar to international market prices." Over the same period, industrialized products exports increased only 9 percent.

The volume of industrialized products traditionally exported by Brazil has decreased. These products include cars (down 20 percent) and vessels (down 56 percent). The shoe industry, which is considered a manufacturing industry, has exported 15 percent less than during the first eight months than in 1993.

While the domestic market is increasing, it has also become good businesses to import industrialized products. By August of this year, Brazil purchased 21.6 percent more real assets (machinery) than it did during the same period in 1993. Durable consumers good

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imports, a group in which cars stand out, also increased. This increase averaged 55 percent.

Non-durable consumer goods, including industrialized foodstuffs and toy imports, was 18 percent up on January-August 1993.

One company that has been investing in imports is the Pao de Acucar Supermarket chain. Imports Director Luiz Carlos Pimentel said 5 percent of all products sold in their supermarkets are imported. The objective of this supermarket chain is to double this percentage this year. Beside increasing the variety of products being offered, Pimentel believes importing is a way "to tell industry that there is a ceiling to prices."

Among the main imported products offered by the Pao de Acucar Supermarkets are U.S. tooth brushes and cereals, Argentine fruit cake, Chilean dried fruit, toys from the PRC, and Italian pastas. Pimentel said their prices are more competitive than those of Brazilian products.

Editorial Examines Dollar, Interest Rate Policy

PY1710220394 Sao Paulo FOLHA DE SAO PAULO in Portuguese 12 Oct 94 Section 1 p 2

[Editorial: "Without Limits"]

[FBIS Translated Text] One of the reasons for the continuous drop in the dollar exchange rate, and for the seemingly unlimited accumulation of international reserves, is the high interest rate policy. Bringing dollars in from abroad into Brazil and applying them to the financial market is a great business.

Since the beginning of July the advantages have multiplied. Beside the already high interest rates paid in reals, foreign investors have benefited from the fact that the dollar price is dropping. Whoever sells dollars and applies them in reals has, besides earning interest, won when again purchasing dollars at a lower price.

On 4 July, the first working day following the real plan, the drop in the dollar rate to 0.94 reals (R) allowed those who had applied their dollars to the financial market and sold them in June at one URV [Real Value Unit] per dollar to earn an additional 6 percent interest.

The disparity between the interest rates in Brazil and abroad, where they range between 5 and 8 percent per year, continues the pressure from the entrance of foreign resources. Even though the dollar exchange rate is not expected to continue to fall at the same rate as in the past three months, the mere possibility that this movement will not soon change makes applications in Brazil remain highly attractive.

In this manner, given the lack of new measures and the drop in the foreign currency quotation, it remains uncertain where the point of equilibrium lies for the Brazilian exporting sector. The perspective of exceptionally high profits attracts resources into the country. The entrance

of hard currency, in turn, forces the dollar quotation down, reinforcing the profitability of investments.

Despite frequent forecasts that the dollar quotation will climb, in practice it continues to fall. This harms the exporters and increases the government's expenses in financing the internal debt. The approximately \$45 billion that the Central Bank maintains in reserves are domestically financed at an interest rate several times above the international rate.

To the maintenance of large trade surpluses and the optimism created by the perspective of the stabilization of the economy, we must add the high domestic interest rates which altogether attract foreign capital. The accumulated drop in the dollar exchange rate does not seem to be enough to counterbalance these forces. The limits are not known.

Telephone Partnership With Companies Confirmed

PY1410191594 Sao Paulo AGENCIA ESTADO in Portuguese 2145 GMT 13 Oct 94

[FBIS Translated Text] Brasilia, 13 Oct (AE)—Communications Minister Djalma de Moraes today reiterated that Telesp [Sao Paulo Telecommunications] will engage in a partnership with private companies to install 500,000 phones in one year. The companies will be chosen through a bid whose rules will be published within four to six weeks. Moraes said the new phones should be available to the public within a year. The 500,000 new phones represents nearly 30 percent of the current capacity of Sao Paulo.

Moraes said that by encouraging a partnership with private enterprises the government will double the number of phones in the country in the next four years. There are currently 12 to 13 million telephones in Brazil. The government wants to raise the ratio of phones per inhabitant.

The communications minister said the government strategy to overcome the shortage of phones and to stop the atomization of Telebras [Brazilian Telecommunications Inc.] is by renting phone lines instead of selling them. Telepar-Parana Telecommunications is already implementing the partnership system with private companies to install new phones in Parana State.

Telebras, Private Partners Create Satellite Launch Company

PY1410192194 Sao Paulo AGENCIA ESTADO in Portuguese 2259 GMT 13 Oct 94

[FBIS Translated Text] Brasilia, 13 Oct (AE)—As part of Telebras' program of partnerships, Telebras [Brazilian Telecommunications, Inc.] and the private enterprises Itatel and Splice today agreed to create Localsat. The objective of Localsat will be to launch satellites for transmitting data at unheard of speed and television signals under contract at considerably lower cost than at

present. Telebras reported today that Localsat's first satellite is due to be launched in 1997, and the first phase will cost \$200 million.

In keeping with the terms of the contract signed by the three partners, the infrastructure of Embratel [Brazilian Telecommunications Company] will be used for operation of the satellite. A new feature in this partnership between Telebras and the private sector will be the use of the Ku-band, which is much more powerful than the C-band, which is currently being used. The Ku-band permits operation of the DDS system, or Directly Broadcast System [preceding three words in English; as received]. DDS operates on a frequency that is twice as good as the frequency of the current model. This will facilitate the use of several microcomponents in ground transmission equipment.

Aeronautics Ministry Lacks Funds To Maintain Planes

PY1810023394 Rio de Janeiro JORNAL DO BRASIL in Portuguese 16 Oct 94 p 18

[FBIS Translated Text] Brasilia—Without the resources for maintaining its airplanes, the Brazilian Air Force (FAB) has had 110 airplanes paralyzed on the ground for the past 2 months, awaiting spare parts. That is, 13.75 percent of the 800 FAB airplanes are parked in their hangars. The lack of resources has also forced the FAB to drastically lower the number of hours of flight per year: In 1994 the FAB pilots hardly flew 120,000 hours, when the historical average amount of hours was 235,000 hours per year. This needy situation could be changed in part if the Senate approves a \$300 million loan for the Aeronautics Ministry.

"This loan is meant for the purchase of supplies for the airplanes (rebuilding of engines and accessories) and for flight protection," said Aeronautics Minister Lelio Vianna Lobo. Aeronautics sources guarantee that with the approval of the \$300 million loan, the airplanes that are paralyzed on the ground could begin to fly. Most of their engines have already been redone by companies like Varig [Rio Grande do Sul Airline], Celma, and Rolls Royce. "The problem is that we have not managed to get the engines out of the factories because of the shortage of funds," an officer said. To make the situation worse, the government released only 60 percent of the 12th part of the federal budget that corresponds to the Aeronautics Ministry.

Without funds, the Aeronautics Ministry cannot prepare for the replacement of its airplanes. According to Minister Lelio Lobo, the two fighter plane models, the Mirages and F-5's, must be replaced by more advanced models during the beginning of the next century. The airplanes of the Minas Gerais aircraft carrier must also be changed. When asked about the possibility of raising funds through the privatization of airports, the minister said that there is interest only in purchasing airports that show a surplus in their accounting balance, that is, only

6 or 8 airports out of the total of 62 airports administered by Infraero [Brazilian Airport Infrastructure Firm].

Russian T-22 Tank Purchase Requires Congressional Action

PY1210143494 Sao Paulo GAZETA MERCANTIL in Portuguese 10 Oct 94 p 5

[Article by Maria Helena Tachinardi]

[FBIS Translated Text] Brasilia—Russia is on the rounds of Brazilian military men interested in reequipping the Brazilian arsenals. A Brazilian military mission last month visited Moscow to look at Russian materiel, prices, and payment and maintenance conditions. The Brazilians showed interest in T-72 combat vehicles, but the purchase will not take place within the short term. According to the Army Social Communications Center (Secomsex), this kind of trip to do market research is part of the routine of the military men from the three Armed Forces branches.

Until Congress approves an \$800 million line of credit for the Armed Forces, the military is simply leaving in the countries visited—the United States, Russia, Israel, France, and the United Kingdom—protocols of intent to make purchases. In the case of the Russian combat vehicles, Brazil could buy 300 units for \$360 million, the EFE news agency reported.

Army Confirms Lack of Funds for Russian Tanks

PY1410132994 Sao Paulo AGENCIA ESTADO in Portuguese 2231 GMT 13 Oct 94

[FBIS Translated Text] Brasilia, 13 Oct (AE)—The Army Ministry today confirmed that the objective of the visits that Army experts had paid to various countries—where they looked at available tanks and prices—was to buy such equipment. In addition to visiting Russia, the experts visited France, Germany, the United States, and England. Even though it confirmed the intention to buy tanks, the Army Social Communications Center (Secomsex) today denied that an agreement had been closed for the purchase of 300 Russian-made T-72 tanks, as had been announced by Russia's INTERFAX news agency.

According to the Army, the country neither has the funds to buy such a quantity of tanks nor enough room to keep them. "To accommodate 300 tanks, 10 armored regiments would be needed, and the Army has only five. Each regiment has an average of 35 U.S.-made M-41 tanks, which were purchased at the beginning of the 1970's," Secomsex stated.

The Armed Forces are now waiting for Congress to approve the provision of \$800 million for reequipping the three branches. The Army does not know how much it will be granted, and still less when the allocation would be transferred. Consequently, Secomsex said, it is not possible to sign any contract. Only after the allocation

has been approved and after the funds have been divided among the three forces will the Army be able to ascertain how many tanks it can buy.

EU Official on Obstacles to Free Trade Accord

PY1710114994 Madrid EFE in Spanish 2237 GMT
11 Oct 94

[FBIS Translated Text] Brasilia, 11 Oct (EFE)—Rene Steichen, the head of the EU Agriculture and Rural Development Commission, today told Brazilian officials that there are obstacles in the agricultural sector over reaching a formal accord on the projected free trade agreement between the EU and the Common Market of the South (Mercosur).

Steichen today concluded a two-day visit to Brasilia. He told Brazilian Government ministers and business representatives that "there is little space" in the EU agricultural sector for a broad concession to Mercosur toward agreement between the two blocs.

He suggested that Mercosur countries should "reduce their expectations" regarding the incorporation of their agricultural products in the EU market.

The EU agriculture commissioner met with Finance Minister Ciro Gomes, acting Foreign Affairs Minister Roberto Abdenur, Industry and Commerce Minister Elcio Alvares, and Agriculture Minister Synval Guazelli, as well as with private businessmen.

EFE learned through EU sources that Steichen will today depart for Buenos Aires where he will meet with government officials and business representatives. On 13 October he will travel to Montevideo. He will remain there until 16 October, when he will return to Brussels.

The EU official said the possibilities of Mercosur increasing its agricultural exports to the EU have diminished following recently implemented policies within EU, such as the harmonization of its prices with those in the international market, and a reduction in planted areas.

He also cited the reduction of agricultural reserves—beyond expectations—and promises to reduce subsidies on the production and export of products as established by the pact of the Uruguay Round of Talks of GATT, which was signed last April in Marrakech.

Steichen said the obstacles are also related to agreements signed with Eastern European countries and with the concessions granted to Austria, Norway, Finland, and Sweden which were accepted as future EU members.

He said he still favors developing a new trade structure and cooperation between the two economic blocs.

He said the EU and the European Commission believe there is a favorable atmosphere to increase relations between the two blocs based on the separate contacts made with the four Mercosur members.

During the meeting of foreign ministers in Sao Paulo last April, EU and Mercosur ministers agreed to study the possibility of signing a free trade agreement.

The European Commission is preparing a document on the feasibility of creating a free trade zone, although datelines have yet not been defined.

Brazil took the opportunity of Steichen's visit to ask the EU to lower its import taxes on concentrated orange juice, fruit, and milk by-products, as well as to acknowledge that Brazil produces fine wines capable of competing in the EU market.

They also asked that the EU Animal Sanitary Defense authorities accept a proposal that will allow Brazil to purchase live cattle from Uruguay, process it in Brazil, and export it as beef to Europe.

Regarding the animal sanitary issue, Brazilian sources reported that EU sanitary officials visited Brazil on several occasions to learn about the hoof-and-mouth disease incidence in the country, of which only five outbreaks were detected, all of them in the State of Minas Gerais.

Chile

Frei Addresses World Food Day Celebration

PY1710153294 Santiago Television Nacional de Chile
Imagen Internacional in Spanish 0000 GMT 15 Oct 94

[Relay from Rome by Cecilia Serrano]

[FBIS Translated Excerpt] We have just witnessed a historic event: For the first time ever a Latin American chief of state has spoken on World Food Day. [passage omitted]

Chilean President Eduardo Frei Ruiz-Tagle attended a ceremony at the FAO [Food and Agriculture Organization of the United Nations] headquarters in Rome as a special guest.

Eduardo Frei thus became the first Latin American chief of state to speak from a podium that has been occupied by outstanding world personalities like former German Chancellor Willy Brandt, former Swedish Prime Minister Olof Palme, and former Italian President Sandro Pertini.

The session was open by FAO Director General (Jacques Gluf) who said that 80 countries, representing 40 percent of the world population, suffer serious water shortage which jeopardizes the goal of a sustainable food supply. [passage omitted]

Frei stated that water shortage is directly linked to the problem of poverty and inequity.

[Begin Frei recording] Now we are no longer threatened by a nuclear war, the permanent holocaust—of which we are probably less aware but which every day affects

millions of human beings—becomes more obvious. I speak of the holocaust of poverty. Each child that dies of hunger makes survivors of the rest. In the faces of those dying children we see the question of whether we will do something for those who still hope to live. [end recording]

Frei said a world order that leans toward human development is based on democratic governability.

[Being Frei recording] Yes, on democratic governability because this is the system every nation wants at the end of the 20th century. Democracy is not a luxury that only rich nations can afford. It is also a political system for the poor that is and must be capable of supplying water and food for more people. We can now assert that the democratic system is the only one capable of producing the material assets necessary for wellbeing. [end recording]

Frei said later that World Food Day should be an opportunity to renew and strengthen mankind's commitment to become reconciled with nature.

[Begin Frei recording] May this World Food Day serve to increase our commitment to guarantee the necessary water supply and to sow hope for a better life for those millions of innocent victims who suffer hunger. Thank you. [applause] [end recording] [passage omitted]

Interviewed on FAO Sessions

PY1810023094 Santiago Television Nacional de Chile
Imagen Internacional in Spanish 0000 GMT 15 Oct 94

[Interview with President Eduardo Frei, in Rome, Italy, by Bernardo de la Maza, in Santiago studio—live]

[FBIS Translated Text] [De la Maza] Good evening, Mr. President.

[Frei] Good evening.

[De la Maza] Why do you think Chile was chosen this year to be the first Latin American country to open the FAO [UN Food and Agriculture Organization] sessions?

[Frei] I believe it is an honor I do not deserve. But it is a great honor for Chile, out of respect for what we are doing in our country, for what we represent in the international arena, and because I truly believe, as I said in my speech today, that this combination of a consolidated democracy, economic growth, social justice, and our struggle against poverty truly shows that the Chilean experience is being closely watched by the rest of the world.

[De la Maza] Mr. President, the key issue of your speech was the shortage of water and the growing desert areas in the world. In the specific case of our country, what do you feel can be done to prevent the desert from continuing to grow in such an alarming way?

[Frei] I made a specific proposal, which we believe adapts to the 21st century. Currently over 95 percent of

the water reserves are in the oceans, and we believe that with technology, with the scientific and technological developments in the world, we can think about using sea water to solve the problem of growing deserts in many regions of the world. It would also allow us to have potable water in very poor regions, such as in Africa and in vast areas of Latin America—in other words, the entire Southern Hemisphere, which it still developing.

[De la Maza] You said that the world is thirsty for water and justice. How do you think the current economic system will be able to quench the thirst for social justice in our country, to which Father Hurtado always referred?

[Frei] I want to point out that the struggle against poverty is, basically, a political and social decision. I have always said that we must carry out this task, that we can attain it, but to do so we must build with equity and solidarity, and must also uphold equity at an international level. The great current difference is between the Northern and Southern Hemispheres. Countries such as ours, which has made great efforts as in other parts of the world, can interrupt this circle of poverty and neglect. This is what social justice is all about. This is what Father Hurtado used to preach in the forties, in the fifties, although he was harshly criticized. His values and ideals, however, always prevailed, and we are now going to celebrate his beatification as a symbol of what we currently represent in our country and in the world.

[De la Maza] In your speech today you said that democracy is the most efficient system for producing the material assets each society needs. In Chile's case, however, was it not the military regime that made the greatest achievements toward the economic development we currently enjoy?

[Frei] I think that all Chilean governments—and I have said this before—have made a substantial effort toward improving the country's economy. From this viewpoint we have never argued, nor concealed the truth. Every Chilean government has made a great effort. The thing is that this is much more difficult and complex to attain under a democratic and free system. It is also difficult to involve the have-not sectors in this process.

We must not forget that in 1989 we had 5 million Chileans living in poverty, in a country such as ours that has always had a large middle class, without great differences between those who earn high and those who earn low salaries. We believe we are correcting this now, and are creating a more human and fair society with the participation of all sectors. In other words, the people living under more difficult conditions will have the same opportunities some of us have in Chile, who are similar to those in developed countries.

[De la Maza] After the meetings with Italian authorities, do you believe Italian enterprises may soon be in Chile participating in large public projects, such as the construction of highways?

[Frei] During the meeting with businessmen we mentioned the fields in which we believe a strong Italian investment is feasible. Another problem is investment in the infrastructure field. We have clearly explained our franchise law, and what we feel about greater investment in this field, in which they have a lot of experience. I use to live here, and became acquainted with this form of development of the infrastructure, as well as in the area of small and medium enterprises. We are happy to say that in December, the Italian foreign minister will visit Chile for the first time in 30 years. I hope that when I go to the Copenhagen summit in March 1995 I will be able to travel to Milan to attend a meeting with businessmen. I have also invited the Italian president to visit us. A large group of Italian businessmen will visit FISA [Santiago Industrial Fair]. I therefore believe that there is a potential investment market, and that we have encouraged businessmen to visit Chile.

[De la Maza] Lastly, Mr. President, you will be meeting with the pope tomorrow. Can you give us some details of this meeting? Are you going to exchange gifts? What gifts are you taking him, or are you going to invite him to come to Chile?

[Frei] It is hard to comment on an interview before holding it, but in any case I believe there are some basic issues to be brought up with the pope, such as the one we were discussing a while ago, that is, the nationwide struggle against poverty. I am going to tell him of the efforts we have made regarding the Friendship and Peace Treaty with Argentina—we will soon celebrate 10 years of this treaty—and how we are handling the family subject. I will give the pope a detailed account of the progress made in this field, and how we will continue to create an appropriate atmosphere from the legislative viewpoint, as well as the determination the government has to protect the family. This will not be with mere rhetoric, but with true and concrete actions. We must also think about establishing a great peace zone in Latin America in the 21st century. This and other subjects are those we hope to raise during the meeting with the holy father tomorrow morning.

[De la Maza] Good evening, Mr. President, and thank you very much for this interview granted to "24 Horas."

[Frei] Good evening, thank you, and special greetings to all Chileans, about whom we are thinking fondly.

Foreign Minister's Address to UN Reported

PY1710165094 Santiago EL MERCURIO in Spanish
28 Sep 94 pp A1, A9

[Report by Elia Simeone from New York]

[FBIS Translated Excerpt] The Chilean Government disclosed, before the UN General Assembly, its aspiration to become a member of the UN Security Council as a Latin American representative, in the period that starts in 1996.

In his address to the UN General Assembly yesterday, Chilean Foreign Minister Jose Miguel Insulza also said Chile rejects the establishment of an international commercial system based on protectionist measures imposed by the great powers on those countries that want to compete.

In addition to urging the developed countries to ratify and implement the decisions of the GATT Uruguay Round, Insulza requested that, once the World Trade Organization [Organización Mundial de Comercio, OMC] is created, progress be made in the debates referring to the multiple problems the last stage of negotiations left pending, especially in the fields of agriculture and services.

Insulza asserted: "We must turn the United Nations into an organization not only concerned about maintaining world peace and security in view of the conflicts that surface but also about the true causes of these conflicts."

He stated that the need to promote social development currently is as or more important than controlling causes of conflicts, such as military buildups or ideological confrontations.

Insulza said: "Human beings' security should be an international priority together with ample promotion of respect for international rights."

Insulza is the first representative of President Eduardo Frei Ruiz-Tagle's government to address the 184 UN member countries.

The foreign minister disclosed the Chilean Government's priority goals at a domestic level and those in the international sphere.

The consolidation of democracy, institutional stability, and respect for human rights were mentioned as political objectives; development and commercial competitiveness were noted in the economic field; and the need to make substantive progress in improving the peoples' living standards was mentioned as the government's *raison d'être* in other sectors.

Insulza said the Social Development Summit to be held in March 1995 in Copenhagen should result in a global commitment to eradicate extreme poverty from the world and in a concrete and efficient plan of action.

He stated: "Whatever is decided with regard to that opportunity will be closely linked to the security and coexistence of the new international order." [passage omitted]

In his address to the UN General Assembly yesterday, Insulza stated that Chile has cooperated with the operations intended to seek peace and it recently voiced its willingness to increase this cooperation because it believes it is necessary to improve the UN system's capacity.

He proposed replacing the "bureaucratic mechanisms that burden the countries that contribute with troops" with other mechanisms that will grant the multilateral organization better human resources and equipment.

The Chilean minister said that the United Nations needs to have statutes designed to protect its personnel and to generate an International Fund that will act as the financial regulator of the operations designed to secure peace.

In June there were a total of 17 operations to seek peace under way, at an estimated annual cost of \$3 billion.

Insulza said that the membership of the Disarmament Conference should be expanded to make it more representative and able to respond to the need for more global, democratic, and participative treatment.

In addition to pointing out the importance of banning the use of nuclear energy for hostile purposes and of universalizing the safety measures for nuclear-free countries, Insulza said that inspection and verification procedures must be fully accepted without this constituting an obstacle for developing countries to have access to science and technology.

He mentioned the fact that Chile, Argentina, and Brazil recently ratified the Tlatelolco Treaty, and also the Cuban decision to sign the agreement to free the region of nuclear weapons.

Within this framework of efforts and achievements by Chile and Latin America regarding world peace, Insulza disclosed the Chilean interest in becoming a member of the UN Security Council during the period that starts in 1996.

"We do so convinced that Chile can legitimately and adequately represent the Latin American and Caribbean interests before this important organization," stated Insulza, explaining that the Chilean interest is clearly linked to the Chilean projection in the region. [passage omitted]

In referring to international security, Insulza said that the United Nations should be concerned about the negotiations to avoid conflicts and the operations to maintain or restore peace as well as the true causes of the conflicts that surface.

He made an appeal to tackle, with imagination, solidarity, and resources, such problems as poverty, differences between people and nations, the deterioration of the environment, unemployment, illiteracy, demographic explosion, disorganized migration, and discrimination against women and children.

The foreign minister stated that these problems currently represent reasons for conflicts that are more important than the military buildup or ideological confrontation. He said: "The safety of the human being should be an international priority together with ample promotion of the respect for human rights."

Stressing this statement, Insulza said that it will not be possible to significantly reduce international tensions if the great differences and shortcomings that trigger many conflicts are not tackled.

"The main objective of a security policy is to guarantee the security of the people and the communities to which they belong. Emphasizing the phenomena that cause differences and discrimination is not only unacceptable from the ethical viewpoint, but also dangerous from the political viewpoint. No new international order will be stable or lasting if it is based on the discrimination of the great majority of its members."

Insulza then referred to President Frei's policy to promote the so-called "diplomacy for development," to the support Chile grants the Agenda for Development being discussed at the United Nations, and to the fact that a concrete plan of action to implement the global commitment to eradicate poverty must result from the upcoming Social Development Summit.

Throughout his speech Insulza affirmed President Frei's priority treatment of international relations, making Latin America the focal point of foreign policy.

The consolidation of democracy in the region and the achievements in the integration field were mentioned by Insulza, who said that Chile has participated in these efforts and wishes to contribute to generating a great Latin American economic sphere, attaining a tighter relationship with Mercosur [Common Market of the South] and negotiating cooperation agreements with Ecuador and Peru, in addition to the ones already established with Mexico, Venezuela, Argentina, Bolivia, and Colombia.

He also voiced interest in increasing ties with Central America and the Caribbean and the Chilean desire that the Rio Group continue strengthening its position as a valid interlocutor before other international organizations.

He noted that Chile is fully prepared for greater participation in international markets.

At this point he mentioned the Chilean and other Latin American countries' efforts to increase production and productivity in the international markets, within the framework of a more open economy.

The foreign minister stated: "What concerns us is the difficulty the great countries have with regard to opening their economies in sectors of vital interest for fair world trade. We reject an international commercial system based on protectionist measures imposed by the powerful countries on those countries willing to compete."

He said that the unilateral efforts made by Latin American countries to reduce their customs tariffs give the region the right to demand that the results of the GATT Uruguay Round be implemented and that, once the World Trade Organization is created, progress be made

in the debates referring to the multiple problems the last stage of negotiations left pending, especially in the agriculture and services fields.

The case of Haiti was also raised by Insulza, who said that the military occupation of a country "is always a regrettable situation" everyone would rather avoid but noted that, in this case, it was endorsed by a UN Security Council resolution and was carried out due to the repeated failure to fulfill international commitments for which the Haitian military are the only responsible parties.

Insulza reiterated the Chilean commitment to participate in the reconstruction of Haiti, according to the agreements reached with the democratic government of that country, as soon as institutional order has been restored.

Chile's aid will be, essentially, in two fields: First, technical assistance in fields such as the organization of the state administration and judicial and electoral systems, health, housing, customs services, and the public registry, and second, cooperation to reorganize the police forces, with an eventual dispatch of some 50 Carabineros and Investigative Police agents.

Unilateral Tariff Reductions Granted to Bolivia

PY1710234994 Santiago *ESTRATEGIA* in Spanish
27 Sep 94 p 8

[FBIS Translated Text] Chile has unilaterally granted Bolivia tariff reductions in four areas. The reductions were requested by Bolivia as a means to balance the two countries' trade, and as a first step toward the comprehensive economic agreement sought by both countries. The agreement was closed last week during a meeting of the Economic Cooperation Agreement's Administrating Commission.

Manuel Valencia, director of bilateral economic affairs at the Foreign Ministry, said that the delegates attending the meeting in Santa Cruz also agreed that in order to increase trade it was necessary to work out a comprehensive agreement, deregulate the trading of goods, and discuss new issues, such as transportation, pertaining to economic cooperation and physical integration.

This agreement will be based on the current Economic Cooperation Agreement, which has been in effect since June of last year and contemplates preferences for only 127 Chilean and 186 Bolivian products. The final document established that all tariffs would be reduced across the board and automatically in different stages, taking into consideration each country's sensitivities and a list of exceptions.

Bolivian Finance Minister Fernando Cossio is visiting Chile. He said: "We intend to extend the Economic Cooperation Agreement, and perhaps reach total deregulation of Chilean and Bolivian trade." The process, however, does not have a deadline, he explained.

Unilateral

Manuel Valencia said that Chile had granted Bolivia, within the framework of the proposal to extend the agreement, a 30 percent tariff reduction for 22,000 cubic tonnes of crude soybean oil, which may enter Chile between 1 July and 31 December of each year. Chile also granted Bolivia a 30 percent tariff reduction on crude sunflower oil entering the country between those dates.

The Chilean Government thinks these reductions will not alter current oil prices. Chile also agreed to permit the entry of soybean lecithin and tin oxide with a 100 percent duty reduction, that is, without paying tariffs. These concessions should be made official at ALADI [Latin American Integration Association] before 15 October.

Bolivia's request also included rice, sugar, leather, and zinc oxide, but no reductions were granted for these items for a number of reasons. Chile, however, offered a 100 percent reduction on manufactured leather goods, but only if the concession is reciprocal. The Bolivians are currently studying the offer.

During the meeting the Bolivians insisted on getting tariff reductions for all the products previously mentioned, a differential treatment in the application of price variations, and a 100 percent tariff reduction on natural gas.

Evaluation

Delegates attending the meeting said that while the economic cooperation agreement has been in effect for but one year, the increase in bilateral trade has already been significant, and particularly in the case of Bolivian exports of negotiated items. Bolivia, however, has noticed that it still has a significant trade deficit with Chile.

Aerospace Cooperation with Russia Urged

94SM0477A Santiago *EL MERCURIO* in Spanish
9 Sep 94 p A2

[Article by Jorge Vera Castillo]

[FBIS Translated Text] When General (Air Force) Ramon Vega Hidalgo, the commander in chief of the Chilean Air Force, flew over Santiago on 25 March 1994 at the controls of a Russian-made Sukhoi-30 combat aircraft, it was an important symbol of great significance in a specific area of Chilean-Russian relations. In addition to indicating his pleasure with his experience on this occasion, as well as emphasizing the technological qualities of this first line aircraft, the power of its engines, its maneuverability, and the simplicity of learning to fly it, General Vega said that the Russian combat aircraft "is a pilot-friendly" airplane.

Certainly, the participation of Russia in FIDAE 94 [the 1994 International Aerospace Fair, held in Chile] marked a significant milestone of great importance for

the institutional and professional relations between the Chilean and Russian Air Forces. The presence of Lt Gen (Air Force) Piotr Deinikin, the commander in chief of the Air Force of the Russian Federation who led the Russian delegation, clearly indicated the high level of Russian interest in that relationship.

No doubt changes in the world, the new and emerging realities in Russia, the existence of diplomatic relations between Chile and Russia, and the independent leadership, orientation, and high degree of professionalism of our air force—in an aerospace world increasingly without borders—are among the factors which allowed the above described events to occur.

So far the most important aspect of the Russian presence at FIDAE 94 was the visual and journalistic impact, particularly of the aircraft, equipment, and various high technology weapons exhibited. The presence of Russia at FIDAE 94 should be seen in addition to this aspect and should not be restricted to a focus on weapons systems. In our view this would be a limited and mistaken focus. It does not merely relate to "a possible purchase of combat aircraft." The analysis should cover and consider contemporary relationships, the balance of forces in South America, the foreign policy of Chile, the institutional and professional development of the Chilean Air Force in scientific and technological terms, and aeronautical and aerospace modernization and research between now and the end of the 20th century.

Bilateral, institutional, and mutually beneficial relationships for peaceful purposes, for the exchange of information, for cooperation in personnel training, for the preparation and development of joint projects, and for exchanges of visits are possible between the Chilean and Russian Air Forces.

On the 57th anniversary of the establishment of the Chilean Air Force Academy, Col (Air Force) Hector Jaime Silva R., its director, pointed out on 30 April 1994: "The academy seeks to broaden our view of specialists so that, without abandoning what is suited to us, we will develop in our students a fuller view of the present world, of man, and of the challenges facing him. Aerospace knowledge is highly dynamic and is expanding extremely rapidly."

At the inauguration of FIDAE 94 Minister of National Defense Edmundo Perez Yoma stated: "FIDAE should be seen as a meeting place: for meetings of science and of trade, for meetings of professional people both of the aeronautical world, and to satisfy the curiosity of those interested in this fascinating world without boundaries."

Compatible, institutional views between air forces which are so geographically distant but so quickly brought together across the world can bring Chile and Russia into contact on a daily basis, through cooperation in research projects.

The Condorsat Project—the development of the first Chilean satellite—seeks to build a microsatellite

weighing about 50 kg. It is well under way. It is a technological challenge as was indicated by the official presence of the Chilean Air Force at the 44th Congress of the International Aeronautical Federation in October 1993 in Graz, Austria. In July 1995 this satellite is to be launched into space. For that reason the establishment of a Chilean space agency, specialized in these matters and open to the most advanced technology, is a national and state necessity, as the high command of the Chilean Air Force has stated.

A project for the scientific analysis of the ozone layer which affects Chilean territory is another area where Russian-Chilean cooperation could be carried out, under the Cooperation Agreement signed with the General Institute of Physics of the Russian Academy of Sciences on 14 February 1992.

The scientific and technological achievements of Russia in aerospace matters are well known throughout the world. Therefore, the presence of Russia at FIDAE 94 was of the highest importance in considering prospects for cooperation between the Chilean and Russian Air Forces. Direct human and professional contacts are of fundamental importance for creating bonds of confidence, mutual respect, and reciprocal, institutional credibility.

A very propitious intergovernmental framework to achieve the previously mentioned objective is the existence of normal, political, and diplomatic relations and friendly contacts between the two countries, as was stated at the presidential level in Moscow in June 1993.

Colombia

Ministry, Army Command Appoint New Cali Search Bloc Chief

PA1610155694 Santa Fe de Bogota EL TIEMPO in Spanish 12 Oct 94 p A-19

[FBIS Translated Text] The new chief of the Cali Search Bloc, or Armed Specialized Group (CEA), an Army component, will assume his duties within the next 15 days.

The Defense Ministry and the Army Command have appointed Colonel Luis Alfonso Villamil Vargas new chief of that military unit in Cali.

Villamil will replace Colonel Carlos Alfonso Velasquez. The Army command is studying the possibility of assigning Velasquez to another military unit in the country but has not yet decided which one. The new chief of the search bloc is an Arms Cavalry colonel, but official sources have said he has had much experience in intelligence work for the past few years. Villamil is the current chief of staff, the second commander of the Army's Intelligence Brigade.

He has been adviser to government officials during the past few years and has been commander of the Silva

Plazas de Duitama Mechanized Group assigned to the 1st Brigade, among other posts.

Official sources have said the reason for appointing Villamil to this post is to intensify the intelligence work against the drug lords in Valle del Cauca Department, because the officer has taken international courses on the handling and gathering of information on criminals in addition to his experience in intelligence work.

Colonel Carlos Alfonso Velasquez, the outgoing Search Bloc chief, was involved last August in a scandal initiated by a woman who claimed she had a romantic affair with him.

The woman told several news media that the officer had used her and that he had given her information on operations against drug traffickers in Valle del Cauca Department.

Velasquez said then it was all a setup by the Cali Cartel, which wanted to get rid of him because he could not be bribed.

Troops Raid One of Largest Cocaine Laboratories

PA1610163494 Santa Fe de Bogota EL ESPECTADOR in Spanish 13 Oct 94 p A-14

[FBIS Translated Text] Troops from the Army 3d Military Police Brigade, based in Cali, have raided one of the largest cocaine processing laboratories ever found in the Colombian southeast. The laboratory is located in El Paraiso, Mandiva Corregimiento, Santander de Quilichao Municipality, Cauca, and was capable of processing about 4 or 5 tons of the drug every week.

Materials and equipment found are estimated to be worth approximately 30 or 40 billion pesos. The production process used advanced technology equipment, and the installations and infrastructure cover some 10 hectares.

Seized materials include: seven workshops built into the vegetation; seven pumps; five cardboard drums of mesembrine acid; 60 five-gallon plastic canisters; six drying lamps; a power generator capable of providing electricity for a small town with a population of 3,000; 28 microwave ovens; and 400 sheets of filter paper. Among those arrested are 19-year-old Jesus Idelbe Sanchez and 32-year-old Dario Leon Bato.

There were living quarters for 40 men; lookout and observation posts; and seven workshops with green roofing to blend them into the vegetation and to prevent them from being spotted from the air.

In Corinto Municipality, Cauca, upstream along Jagual Creek, units from the Pichincha Battalion found a cocaine processing laboratory the day before. They found there 50 rolls of masking tape; four scales; six nets used for dropping the drug into the sea; and other materials used in the processing of the drug.

Police Dismantle Large Cocaine Processing Laboratory

PA1610144094 Santa Fe de Bogota Inravisión Television Canal A Network in Spanish 1800 GMT 15 Oct 94

[Report by Cesar Castro; from the "Cripton Newscast"]

[FBIS Translated Text] In an operation carried out at the border area between the departments of Santander and Antioquia, the police have dismantled a large cocaine processing laboratory. This laboratory is twice as big as the one found in Caqueta Department, in the famous operation observed by U.S. Government officials.

Units of the Dijin [Judicial Police and Investigations Directorate] and the National Police Narcotics Division have searched the eastern part of the Middle Magdalena region for 15 days. A modern cocaine processing center operated in the area according to local informants. After carrying out intelligence tasks in a place called Camposeco, a laboratory containing 8 tons of cocaine was found, together with 57 microwaves; two generators; 280 packages of chemical precursors for the production of cocaine; 200 drums of acetone; and 10 dwellings capable of holding 150 men each:

[Begin recording] [DIJIN Director Colonel Hugo Martinez Poveda] We have determined the involvement of drug trafficker Jairo Correa in this operation. He directs drug trafficking operations in the area.

[Unidentified reporter] Is he associated with guerrillas?

[Martinez Poveda] It appears he is, because evidence was found indicating the place was guarded by uniformed people. [end recording]

One person, who is now in the custody of the Prosecutor General's Office, was arrested during this operation.

Drug Trafficking Inquiries in Magdalena Medio Reported

PA1610185594 Santa Fe de Bogota EL TIEMPO in Spanish 9 Oct 94 p 27

[FBIS Translated Text] Intelligence reports are not the only thing fueling the authorities' concern over what might be in the process of being created in the region of Magdalena Medio and which was the topic of a special security council meeting 15 days ago.

Commando units of the Judicial Police and Investigations Directorate (DIJIN) raided a building in La Dorada and a ranch called El Japon at 0900 on 1 October.

The reason for the operation, which was ordered by prosecutor No. 188, was based on secret information about the existence of weapons and drug trafficking activities in those two buildings.

In addition to two pistols, one revolver, and two shotguns without their respective permits, investigators discovered the connection between former extraditable Jairo Correa Alzate and confessed drug trafficker Ivan Urdinola Grajales, who are convicts in Modelo Prison, to establish an actual empire of power in the region of Magdalena Medio.

The search at the El Japon Ranch not only enabled investigators to learn the secrets of the empire Correa Alzate controls from prison through the firms Comercializadora and Agropecuaria La Galicia Limited and Correa Alzate and Company but it also revealed the former extraditable's plans to obtain political power in La Dorada.

The ranch, located in the jurisdiction of La Dorada, includes five camps, stables with their own ventilation system, and pasture fields with 3,745 heads of cattle. The main house is air conditioned and has a swimming pool and a jacuzzi.

The documents found that morning by the DIJIN at the ranch, which covers 5,000 cuerdas, led authorities to deduce Correa Alzate's apparent participation in the election campaign of former Priest Nicolas Gomez.

Gomez appeared linked through numerous political pamphlets in which Cesar Alzate and Marco Tulio Paniagua, candidates to the La Dorada City Council, are also mentioned. In addition, the former priest's name was found on a list presumably involving an invitation to have lunch at the ranch on 6 September.

Gomez' name appears on other documents with a date and a number. "Sunday 17 Father Nicolas, Gustavo Correa, and Cesar Alzate and company (32)."

Evidence about Correa's intention to control power in the region was further revealed with the discovery of other lists on which the names of representatives of La Dorada neighborhoods appear in the former priest's movement.

Such was the number of Gomez campaign documents found in the ranch that the investigators suggested to the prosecutor further investigations into Gomez' movement to establish whether drug trafficking money is financing it.

The basis of this suspicion is found in contract No. 0383 of the firm Asesores e Inversiones Limited for the payment of 877,500 pesos for a special supplement to the Gomez campaign to be included in a nationwide newspaper.

Investigators are following the trail of other documents linking Correa with the defunct organization The Extraditables. The papers found at El Japon Ranch indicate the property reportedly was used as a base of operations to produce the communiqués the Medellin Cartel began to issue during its war against the government.

The files found the day of the raid include letters dated 1990 from The Extraditables and the Movement of Citizens Who Love Colombia and Peace to now former Presidents Cesar Gaviria and Virgilio Barco. Other letters are addressed to former Attorney General Gustavo Arrieta.

The authorities also found a pamphlet of the Army of National Liberation (ELN) in which that organization issues death threats against Magdalena Medio cattle transporters.

In addition to those documents, the raid undoubtedly revealed the ties between the Valle and Magdalena Medio mafias to consolidate their financial operations in the area.

This connection was shown with the discovery of a promissory note which was signed by Correa and Ivan Urdinola and which reveals the alliance of the two convicts in Modelo Prison.

The document establishes that Correa and Francisco Javier Arango Estrada, who appears as manager of the two firms of the former extraditable, owe Ivan Urdinola Grajales 3 billion pesos, due 1 September 1996.

The financial tentacles of Correa's organization extend from business deals with the company Cementos Nare to huge transfers of funds through investment firms in the region. These transfers range from 200 million to 2.5 billion pesos.

These financial movements are made through accounts at the banks Cooperativo de Colombia and Colmena.

This is why, in addition to the existence of an association to politically and financially control the Magdalena Medio region, the Prosecutor's Office and police investigators discovered on 1 October the real scope of Correa's empire.

Government Considering Suspension of Municipal Elections

PA1810050094 Santa Fe de Bogota Inravisión Television Canal A Network in Spanish 1800 GMT 17 Oct 94

[Report by Ruben Dario Parro in San Andres; from the "Cripton Newscast"]

[FBIS Translated Text] Although the government has still not decided if it will suspend elections in several municipalities, the "Cripton Newscast" has learned that it is very possible that the 30 October elections will not be held in at least 15 municipalities, including our cherished Caldas. Military intelligence has detected drug money in several political campaigns as well as pressure from guerrilla groups.

[Begin Defense Minister Fernando Botero recording] We are studying the situation in approximately 15 to 20

municipalities to see if they meet the necessary conditions of honesty and security to allow the electoral process to continue.[end recording]

The government will appoint military mayors in the municipalities where elections are not held and call new elections at a later date.

Political Nepotism, Favoritism Criticized

94CA0194A Santa Fe de Bogota EL ESPECTADOR in Spanish 13 Sep 94 p 2A

[FBIS Translated Text] In October mayors and governors, deputies, and council members will be elected in municipalities and departments which are already under siege by political nepotism.

The shabby dealings of these public administrations are no secret to anyone; government budgets are bled and their actions are controlled by two or three families who alternate or share power and who exploit this power for their own personal advantage.

This disease has been spreading throughout the nation, and now no region in the nation can be considered free of this contamination. The same thing happens in the Andean center as in the departments on both coasts, and to the great misfortune of the essential national integration, it also exists in the new departmental sections which have emerged from the reforms of our Constitution.

While it is true that the department of Bolivar, especially Cartagena, could stand as an example of this legal and moral vice, the same could also be said without exaggeration of the Cundinamarca and Boyaca epicenter, of the national capital itself, or of Antioquia or the Santander departments. Nepotism has become a sort of political weed that grows wild all over the nation. It is a weed that absorbs all the budgetary nutrients of the various regions of our national territory.

The political parties' ideological bankruptcy has made it impossible to eradicate it. And the nation's unity of authority is being torn apart. On one hand there is armed subversion with its migratory comings and goings as it watches and threatens the villages under its sights, when it is not actually in open possession of specific municipalities of Colombia. It also works in criminal association with the political class, using bribes coming from drug trafficking money. And always, at any time, like an insomniac watching its own depredations, political nepotism has a thousand tentacles and insatiable voracity.

Its absolute control of government is not so important as what this costs the various treasuries of our national territory, the huge sums which nepotism bleeds for the exclusive benefit of its hegemonic presence; in both the departments and municipalities government resources are being drained dry. Not only because profits coming from bureaucratic power are diverted from payrolls, but also through influence peddling, pre-arranged bids, and finally, illicit enrichment.

And what about the migrations of votes? Their transfer and fixing from one place to another? Their buying and selling, even in kind?

Everything is done to ensure the election of a governor or mayor, or a council member or deputy. That had been done before, even for collegial bodies that are national in nature. No example was set in punishing such crimes then, and with the prospects of the October elections this crime is metastasizing. And this is called *participatory democracy*, perhaps because it is bought or fixed with our daily bread, the bread of the poor, the bread of the besieged departments and municipalities.

In these columns we have been issuing alarms and warnings about the upcoming elections. In addition to the dislocation of authority caused by this corrupt behavior, there is now added a *diabolical consecration*, if we can use that term, of the nepotic "empires" that are asphyxiating various regions of the country, from our two coasts to the national territories and the Andean area, like an Acadia asphyxiated by the abuse of power of two or three families.

There is still a possibility of reacting against all this in the October elections....

Documents Reveal Extent of EPL Assets

94CA0181A Santa Fe de Bogota SEMANA in Spanish 6 Sep 94 pp 44-45

[FBIS Translated Text] An old adage says that if it walks like a duck, looks like a duck, and quacks like a duck, it is a duck. Well then, Francisco Caraballo has none of these characteristics, but to judge from his bank accounts, he has indeed behaved like Scrooge McDuck. Therefore, when the investigators from the Office of the Prosecutor General and officers of the 13th Army Brigade began to analyze all of the information found in the possession of Francisco Caraballo on the day he was arrested last 22 June, they found a veritable gold mine.

In the possession of the founder and highest-ranking leader of the Popular Liberation Army (EPL), the authorities found a file folder containing 23 sheets of paper. These pages represented a considerable portion of the accounting records of this guerrilla organization and financial movement that has been able to support about 120 men in the rural sector and some 500 urban collaborators belonging to the People's Militia. According to the documentation seized by the authorities, this guerrilla leader had carried out transactions through his checking and savings accounts involving more than 300 million pesos.

When the investigators from the Office of the Prosecutor General had analyzed the evidence fully, they found that the 14 million pesos in checks and cash and the bundles of dollars Caraballo had at his country home in Cajica (Cundinamarca), where he was arrested, were but a part of his petty cash fund. The big prize was contained in the documents.

In fact, the authorities discovered that Caraballo had about five billion pesos in eight checking accounts and two savings accounts. Although this is a much smaller total than that administered by the FARC [Revolutionary Armed Forces of Colombia] and the ELN [Army of National Liberation], for example, what struck the authorities was the fact that this entire sum of money was being managed by a single individual, or in some cases, by individuals enjoying his full confidence, such as his wife, Helena.

Caraballo and Company

The documents reveal that Caraballo was not only the political and military head of the EPL, but also its financial manager. "Caraballo had absolute power within the EPL. He had to approve every purchase, from sewing needles to antiaircraft guns. Caraballo knew about all the kidnappings and blackmail schemes perpetrated by his organization," one of the individuals in charge of the investigation told SEMANA.

A detailed study of the documents enabled the investigators to establish that the guerrilla leader had checking accounts in a number of the branches of the Cafetero, Bogota, and State Banks in the capital of the Republic. Similarly, they found that he had savings accounts in the DAVIVIENDA [Colombian Savings and Loan Corporation] and the CONAVI [Savings and Housing Corporation]. They also located other accounts held in the names of his wife and Carlos Humberto Rojas (Genaro), his personal security guard, who was with him on the day he was arrested.

But the authorities also found that Caraballo did not simply have savings and checking accounts. Like any executive, he also had two credit cards—Credibanco and Diners, and he also had a Servibanca card. The account numbers and the addresses of the bank branches are included in the confidential part of the indictment.

Concerning the intended purpose of the five billion pesos, the authorities think it possible that these funds were part of what the guerrilla movement calls "strategic funds." This is a reserve of resources for actions that require large sums of money for their execution, including the purchase of weapons, terrorist attacks, and the kidnapping of prominent personalities.

Despite the fact that extensive funds belonging to Caraballo and his organization have already been frozen, the authorities believe that there may be more. Their task now is to trace the accounts the guerrilla leader may have maintained abroad, in certain Central American countries, in particular. "One of Caraballo's main obsessions is the purchase of weapons. He and 'Danilo Trujillo,' one of his closest confidants, who is still at large, maintain excellent relations with guerrilla movements and weapons traffickers in other countries, and between the two of them, they have a great deal more money than what has been seized in this country," one of the investigators told SEMANA.

According to the security bodies, a substantial portion of Caraballo's frozen funds were obtained in the criminal actions committed by the EPL fronts, especially those operating in Norte de Santander, Antioquia, and along the coffee-growing axis. According to these sources, kidnapping, extortion, counterfeiting, and coca cultivation also make a substantial economic contribution to the funding of this organization. "Recently, the fronts Caraballo directs have been more dedicated to strengthening his financial assets than to engaging in military actions. These fronts are taking up the practice of banditry," a source in the security body told SEMANA.

On the basis of all of the information analyzed, which also includes some of the EPL's plans for terrorism, the Office of the Prosecutor General issued warrants for the preventive and protective arrest of Caraballo, Rojas, and Gonzalo del Cristo Lopez Bustos. They were arrested that same day in Bogota on charges of terrorism and conspiracy to commit terrorism. And still the process of illegal enrichment continues.

Big Business

In any case, the quantity of money confiscated from Caraballo has dealt the guerrilla organization a serious financial blow. "If the FARC or the ELN were involved, such a sum would not be the cause of any major trauma. However, it will leave the financial balance of the EPL in the red," a source in one of the security bodies told SEMANA. This source added that "what the seizure of Caraballo's money shows is the tremendous financial strength of the Colombian guerrilla movement. It is a veritable business that generates millions in profits. If this is the amount of money an EPL leader controls, what are we to think about the commanders of the FARC and the ELN, which are much larger organizations and have much greater power?" But above all, the discovery of more than five billion pesos in Caraballo's bank accounts also shows that the guerrilla movement has, for many years now, ceased to be engaged in activities motivated by ideals. It has instead become one of the most profitable businesses in the country.

Central Bank: No Differences With Finance Minister

*94CA0183A Santa Fe de Bogota SEMANA in Spanish
13 Sep 94 pp 60-61*

[FBIS Translated Text] It seemed to be the second round in a fight that in theory does not exist. While the supposed contenders hurried to deny that there was any sort of conflict, their followers were doing battle on their behalf. In one corner were the defenders of the Bank of the Republic, as it was conceived in the Constitution of 1991 (see the Document section), and in the other, the government's friends, advocates of a greater margin for maneuver by the executive.

The skirmish was the continuation of a debate that began in the Senate's Third Committee when certain conceptual differences on economic policy were observed

between Finance Minister Guillermo Perry and some of his colleagues in the Bank of the Republic. These differences concerned the alleged inconsistency between the government's campaign promises, which seemed to imply higher levels of spending, and the goal of reducing inflation, in compliance with Article 373 of the Constitution which requires that the Bank of the Republic protect the purchasing power of Colombia's currency.

The next encounter's first jab came from former Minister Roberto Junguito, one of seven members of the Board of Directors of the central bank, during a speech at the Chamber of Commerce of Bogota where, speaking of the potential risks of the new administration's economic policy, he held that it is possible "that in seeking to make its economic policy compatible with the bank, it may promote a constitutional reform, either to reduce the bank's autonomy or to expand its own mandate." The response came from columnist D'Artagnan, when in his column on Wednesday, 7 [September] he said: "Another of the Constituent Assembly's big mistakes was abolishing the Monetary Board and replacing it with a body with its own administrative, funding, and technical autonomy; to some extent, a sort of 'loose cannon' in the central government." According to EL TIEMPO's writer, the time has come to get rid of that sort of impediment through a reform of the structure and functions of the board of the Bank of the Republic. "And embarking on a reform of such scope would mean doing it now and not later," he added.

What is ironic in all of this is that it is happening at a time when relations between the members of the board and its chair—the minister of finance—are very cordial. Unlike what routinely happens in countries with a similar system, in Colombia we are reaching a point at which differences are aired in public and agreements in private. As one of board member, Maria Mercedes de Martinez, told SEMANA: "People are creating a quarrel that does not exist." And the bank director, Miguel Urrutia, said, "There are no differences" with Minister Perry since "the government is complying with the goals that were set." Other board members spoke in similar terms.

If that is so, what is causing all the uproar? It is partly due to fears which right now are totally hypothetical. Fears on the part of the administration, since it believes the bank is not going to allow it any space to increase the budget and carry out its government program. And fears of the bank, for it is afraid that faced with so many commitments, Perry may be unable to stand up to the pressures and may want to increase public spending above the recommended levels.

That may have been the concern that led Roberto Junguito to speak out somewhat imprudently about a possibility which, right now, has no real basis. By speaking like that, Junguito violated a sort of unwritten code which says that central bank directors speak little, if at all. And if they do, they do not mention the future, only the present or the past.

In addition, evidence available to date provides no cause for alarm. The Ministry of Finance has committed itself to the 1994 goals set by the previous administration and the bank. This was made clear last week when the largest amount of resources went to the solidarity network and other commitments, with cuts in other areas.

So, by the end of the week calm was returning. Still, the government has made it clear that, though it is not thinking of reforming the Constitution, it is leaving the door open for a new law that will set more clearly the limits of the central bank's board and those of the government in shaping economic policy, particularly exchange policy.

That possibility is tantamount to a display of its big stick by an administration that apparently wants to do things amicably. As President Ernesto Samper told SEMANA: "The government does not consider a change in the constitutional system of the Bank of the Republic appropriate. Granting the board of the bank autonomy as a monetary authority was a great step forward in modernizing our national institutions. The Constitution of 1991 was also right in providing that the bank should exercise its functions 'in coordination with economic policy.' The government hopes that coordination may be achieved without resorting to legal modifications."

Let us hope so. For in the end, it would not seem reasonable to change a mechanism that has barely been in existence for three years, whose results are encouraging, and which was created in accordance with the principle which states that seven heads are better than one.

Ecuador

Social Christian Bloc Splinters Following Expulsions

PA1510183894 Madrid EFE in Spanish 2031 GMT
13 Oct 94

[FBIS Translated Text] Quito, 13 Oct (EFE)—The congressional unity of the rightist Social Christian Party [PSC], the country's largest party, which ruled from 1984 to 1989 during the administration of Leon Febres Cordero, splintered today with the expulsion of a second deputy and the possible deaffiliation of three others.

The PSC won the presidency of the Congress last 10 August because it had 26 deputies out of a total of 77, but it expelled lawmaker Ricardo Nabo a few days later and Deputy Luis Almeida today.

Polls show the PSC as the favorite to govern as of 1996 with its presidential candidate Jaime Nebot Saadi.

Although the PSC bloc chief, Deputy Simon Bustamante, said that Almeida's expulsion consolidates his bloc's unity, the latter summoned a news conference in the company of other three deputies from the same party. "Someone who turned into an enemy from within,

a disloyal person, and a blackmailer, was expelled," Bustamante said, in reference to Almeida, who is accused of requesting money from ministers in exchange for not being interpellated. Bustamante declined to comment further on the expulsion, noting that "a thief rarely leaves evidence of his deed."

Former President Febres Cordero, now mayor of Guayaquil, defended the expulsion, although he pointed out: "I have no proof that Almeida committed immoral actions."

Almeida dismissed the accusations and said his former fellow party members do not wish to interpellate Energy and Mines Minister Francisco Acosta, because one of them serves as adviser to that ministry, although the PSC has declared it opposed the administration of conservative President Sixto Duran-Ballen. "Minister Acosta is bleeding the resources of the country, and four musketeer deputies will not be accomplices to that," Almeida stated.

Nebot Discusses Social Christian Party Projects

94SM0475A Guayaquil EL UNIVERSO in Spanish
5 Sep 94 p 12

[Report on interview with Social Christian Party leader Jaime Nebot by unidentified EL UNIVERSO reporters; date and place not given]

[FBIS Translated Text] "There is no law, nor any amendment, that is worth something unless it is implemented with political decisiveness," the highest-ranking Social Christian leader, Jaime Nebot Saadi, told EL UNIVERSO.

Speaking before the members of the editorial advisory committee of this morning paper, Nebot Saadi analyzed the scope of several of the 14 draft laws and the draft constitutional reform his party recently presented to the national Congress, as well as other issues that will require his party's support in the future. He revealed his conviction that in view of the value of the proposals in question, they merit the support of all sectors.

The Solidarity Fund

However, the one proposal among all those presented that was stressed by Nebot was the one pertaining to the establishment of a solidarity fund. "We have proposed a law called the Solidarity Fund Law. The money obtained from the total or partial sale of state enterprises and from state assets or concessions will go into this fund. It will not be possible for this government, or the next one, or the government following that to spend its capital. This will be an asset belonging to the people, and what will be invested will be the interest from that fund," he said.

He said that the investments will be made exclusively in technology for the development of, and allocation of

credit to, the livestock-breeding, crop-raising, craft, and other sectors, including the social welfare the people need.

"We are not going to submit the draft telecommunications law to the executive branch until the Solidarity Fund Law is approved. This is because we believe that there should be a law governing the collection and regulation of the money produced by the investments of the state," he added.

A Real Institution

The Social Christian leader said that this fund should not exist in name only, but should be an institution regulated and administered by the president of the Republic, with a board of directors. In this way, just as the budget can serve to generate money for the fund through special income, the fund could and should serve to generate budgetary funds for selective purposes, without prejudice to the programs undertaken directly by the fund.

"They might include extra programs or Ministry of Education projects. Also, the health budget of the state might be supplemented from the fund, or a health project outside the state budget could be developed and implemented through a special unit. What must not be done is to spend the capital of the fund. But in the final analysis all of the social aspects must be taken into account," he explained.

The proposal provides that the fund should consolidate its investments, he said. This is a basic administrative principle. "The fund can be used to buy 5 percent of the Ecuadoran debt paper at its present value, and this would be good for the country. But if the fund is to become a tool for maneuvering to purchase the Ecuadoran debt so that the executive branch can avoid paying the debt or the interest on it in the future, then I would prefer that this option be closed.

"This is an institutional fund, with legal status and a clear administrative structure, established in law. It is organized in precisely such a way that it can be administered by the president of the Republic, in accordance with the provisions of the fund and the regulations governing the case. This is the closest thing to a strait-jacket that can be placed upon a president so as to safeguard the interests of the state."

Telecommunications Issue

With regard to the modernization issue, Nebot said that his party has been repeatedly criticized for its failure to approve the draft telecommunications law.

"But from our point of view, there are many things that are not acceptable. Neither the conversion of the EMETEL [expansion not given] into a corporation, nor the transfer of ownership of the shares to the CONAM [National Confederation of Municipalities] is acceptable. Nor is the abandonment of all of the public contracting requirements for the negotiation of these shares."

He said that the failure to specify whether all of the shares or only the minority shares will be negotiated, because the systems involved are different, is unacceptable, as well. This draft law fails to specify that the operator with the most modern technology must be the final purchaser of the shares.

In this country, he emphasized, there is not much to be negotiated. There are the oil, the electricity, and the telephone system. If we cease to have these assets, and the money does not go where it should, "Ecuador, in our modest view, would have very dim prospects. Countries do not go bankrupt. They become impoverished."

He said that since none of these points was clarified in the law, the Social Christian Party deemed it best to oppose it. He also said that this position has nothing to do with jealousy regarding any candidacy.

"We are now proposing a scheme based on the sale of 35 percent of the EMETEL, leaving 65 percent for the state and 10 percent (out of this 65 percent) available for the workers to purchase. The shares will be sold at a public auction, but bids will not be solicited. By using this method, more funds can be obtained for the Ecuadorian state. This scheme can be used in the electrification and oil sectors," Nebot explained.

According to the Social Christian proposal, the purchaser will have to have world class technology of the first rank. The purchaser will also have to expand services as stipulated by the state, being allowed, in exchange, to take charge of the administration for five years.

"Administration will be the full responsibility of the international private operator. The state will hold the majority of the shares for five years, after which it may sell them. But during that period of time, it will have absolutely no say. This is the participatory contract to be signed for a minority purchase of the stock. But if one makes a minority purchase for the state to manage, one has purchased nothing."

Nebot also said that there is a plan to present a specific proposal pertaining to electrification, one conceptually similar to that for the telephone system. "This will be a scheme that reconciles the interests of the state, the workers, the consumers, and the investors, and it will be one that allocates funds for development and social welfare," he said.

Apprenticeship Law

Regarding the educational sector, Nebot Saadi emphasized the need for a national educational revolution. "The schools must be consolidated and the university system made more selective. We must move toward wider access to education and information in remote areas, technical baccalaureates, middle-level technological and professional education, and, most definitely, redistribution of the current system of allocating state income to benefit the universities."

He said that in this connection, the Social Christian Party has submitted a draft law that would provide students in all career fields with access to apprenticeships in the private business sector as of their second year of studies. This would not lead to a labor relationship, but rather to a civil one, and in exchange, students would receive a certain amount of money.

"This is a law designed to create hope within a younger generation that does not see the country's future clearly. Young people cannot envision where their training will lead to since society is not rich enough to absorb the knowledge they acquire and put it to use in the future," he stressed.

"It is numbers, rather than achievements, that are rewarded in the universities. A whole series of controls must be put into effect, because at present there is still discussion about the entrance examinations. Yet the fact that no examination is even required on course completion, and degrees are being granted by prescription, is forgotten. We are working on this."

"We want to ensure that young people can be trained on the basis of tax incentives for the enterprises. This is a law designed for a younger generation that cannot see the future clearly due to the lack of training."

Nebot said that the drafting, by December, of other reforms closely related with the university situation is planned.

Draft Constitutional Amendments

"Consultation is valuable, but it entails a conceptual aspect that leads to disagreement. Thus many people will express their opinions and will endorse the independents with the sponsorship of a political party. Others will give the independents their support, but will honor the requirement to obtain signatures as a political party must do. We are saying 'yes' to the independents without establishing any conditions, except for the minimal requirements established by the law," Nebot commented on the subject of the draft constitutional amendments his party has also submitted to the Congress.

On the reelection issue, he said that his party maintains the same position as it always has, opposing intermediary periods and term limitation, because this is what democracy dictates. "I wonder about the reaction of those in the Congress who have never wanted reelection, now that they will have to accept it, because the people have imposed it as a moral and political obligation that is more demanding than a legal compulsion."

He emphasized that it is inconceivable that a proposal from the president of the Republic would not merit, as a response from the Congress, even a refusal to allow him to continue with the proceeding. Therefore, he said, the 100 days have been incorporated in this draft reform, since this represents a constitutional vacuum.

He also said that issues such as economic and administration decentralization have been dealt with. This constitutes a basic economic reform that is vital to the country. "We want to do away with the phenomenon of confusing social security with social insurance, and to pave the way for the social welfare reform the country and the workers need," Nebot stated.

He emphasized that it is not government unions, but rather their excesses and their privileges, that he opposes. "We do not believe that there should be no strikes. The question is when and for what purpose. Strikes should not be called before a failure to implement a judgment or penalty has occurred, in order to exert pressure, but only after such a failure."

Where the Constitution is concerned, the political rights of women and eliminating the designation of the Supreme Court judges by the national Congress have been incorporated. "One cannot ask the most political body in the country to make apolitical choices," Nebot stressed.

Support of Consultation Results

On the subject of the draft constitutional reform the president of the Republic will submit, Nebot stressed that the Social Christians will support amendments on the basis of what the people have said in the popular consultation, and others they favor.

"We, for our part, will obviously vote and try to draft a joint proposal that will save the country time and money and ensure results. But if this does not satisfy the president, he has the authority to submit the rejected portion of his proposal to popular consultation," he added.

If there is another consultation, he said, it will indeed be definitive, with the compulsory force to impose reform. There will be no questions about this, for there will be a package with various articles. "Then politics can enter into it because of this poor handling of the matter." He also emphasized that the Social Christian package of laws has nothing to do with the constitutional amendments.

Other Proposals

He also said that his party has submitted other proposals, such as a draft amendment to the Penal Code that calls for increasing the penalty in some cases to life imprisonment.

"The public wants the death penalty, but we believe that beyond the question of its legitimacy, its application in our society is not desirable," Nebot said.

An amendment to the Health Code is also being proposed to ensure that patients in emergency situations will receive care. "The proposal referred to here has to do exclusively with emergencies. Clinics have the

authority to classify emergencies. If a clinic fails to treat a real emergency as such, it will have to suffer the consequences," he said.

"We are trying to pass an emergency first aid law for accident victims, so that they will not be left unattended. None of these laws cost anything. The state cannot veto them and say it is because there is no money. There are no conceptual laws here," he said.

On the subject of other issues, including the Armed Forces, Nebot Saadi indicated that these bodies are necessary and must be well-equipped. "The problem is excess, as it is throughout the public administration. I believe that these forces should not venture into foreign territory, and that this practice should end."

Subsidizing the State

Concerning gasoline prices and telephone and other rates, he said that "nowadays we citizens of Ecuador are subsidizing the state, instead of the state subsidizing its citizens. I would like things to change, but I do not believe that the legacy we will receive will be a very good one."

On the subject of corruption, he said it is a problem of education, of morality, and the administration of justice, among other social aspects. "It is my opinion that an attack on all fronts should be mounted in order to reduce this problem to normal proportions—I do not say tolerable proportions, because corruption is intolerable."

"It is necessary to ensure that the laws benefiting women are implemented. We must try to move things forward decisively, and to sell our ideas. I believe that the problems for women are not limited to the absence of laws," he said.

A Myopic State

"I believe that the administration of the state should be integral, and as a function of the myopia from which we are suffering, the country is in fact being administered on a sectorial basis. At the same time, we must be concerned about the whole of government. There must be joint administration in the realms of adjustment and stabilization, along with reduction in the size of the state and an effort to ensure the efficiency of the smaller state, which should be stronger. Also it is necessary to strengthen production through direct and indirect domestic and foreign investment. This will have to be genuine investment, based on licensing and the granting of concessions. A broader labor front and increased supply of goods must be developed, and simultaneously, social compensation and social construction are needed. Well-being is a necessity for the people. There is no well-being without wealth, but there can be wealth without well-being," Nebot said.

He stated that it is not possible to conclude that there can be no social security reform simply because the Constitution does not provide for it. "My question is what the Constitution has to do with the management of social security income."

"How many of you have calculated what you should have in your current social security account after 10, 20, or 40 years of work, with the addition of interest on your contributions every year, amounting to a generous sum of tens of millions of sucres, only to find that in practice there is nothing. Write requesting a loan—nothing. Mortgage—none. Hospital care—none. Not only in terms of bureaucracy, but in terms of income as well, the money is to be found in the Central Bank. The workers are being robbed, because deposits there produce no earnings."

Solving the Unemployment Problem

Nebot believes that the unemployment problem is a result of the production situation. "One cannot resolve the job problem if one does not resolve the production problems. These can be overcome by providing clear rules for investors in terms of security, profitability, and tax equality. The situation has now been improved somewhat, as compared to what it was some years ago in terms of opening up to foreign capital and the granting of concessions, licenses, and authorizations."

He also believes that integration and the more open approach must be managed with care. "There are people who have a Bolivarian view of the Andean Pact, but there can be no good pacts or arrangements unless the two parties benefit, and we have surrendered too much in the process of opening up."

Reaching the Limit

Nebot said that this government has pursued a proper foreign-exchange policy, but we are approaching the limit. "Exporters have become accustomed to efficiency based on devaluation, and this is an absurdity. Nor is it possible to absorb foreign exchange that is not real. I believe that taxes on exports are a crime—this means exporting inflation. I do not believe that the country has a policy on industrial conversion, because we do not have a national policy on foreign trade. If this situation is not corrected, there will be no production, and if there is no production, there will be no jobs, except for the positions that can and should exist in certain sectors, bearing in mind the other factor, which is inflation."

Decentralization

Nebot believes that decentralization is a problem of political determination. "A better reform of the Constitution is needed. It is necessary to implement the laws of modernization and common sense," he said.

He stated that it is wrong to adhere to the principle of returning 100 percent of what a province produces to that province. Instead, a suitable body should at least see that the section authorities in each province are promptly provided with the funds needed to carry out their tasks. Note should be taken of the fact that there are regions in the country that must not be neglected.

Ecology

He further announced that his party is drafting an ecological proposal. "I believe that barbaric deeds are being committed in Ecuador in this sector, and that we must move toward ecological development and preservation of the environment with a view to a future in which development will be possible."

The Need for Development

Nebot Saadi justified these initiatives sponsored by his party in terms of the urgent need for development. "We have taken a risk, because we think that the country cannot wait two more years to begin. The international opportunities that can mean national development, if properly utilized, are not like a bus that goes by at regular intervals. Opportunities are probably arising from time to time, but they probably will not continue to do so for many more years. And if we have lagged behind, it should at least have served to incorporate what is good in the Ecuadorian system," he said.

Loyal to the Party

"I do not abandon the party when I disagree with it," Jaime Nebot said in the course of his explanation of his objection to the proposed return to a bicameral system included in the Social Christian draft constitutional amendments.

"I must admit quite frankly that I do not agree with this amendment, but it is also a fact that I not leave the party when I do not agree with it. Instead, I defend it," he said.

He believes that the problem with the functioning of the Congress has to do with the quality of its members.

"I think that this is a problem of individuals, and that the bicameral system—one of my party's theses, which I respect and support—has a basis for existence. However, I believe that a bicameral system already exists. Before the mini-Congress, which is what the permanent legislative commission is, was in existence, this was a very important issue. But today there is a full Congress for two months of the year, and a mini-Congress, with 28 legislators, functioning for 10 months a year. I believe that this problem has to do with the caliber of the men involved."

Broadening the Majority

He also said that his party is currently engaged in a dialogue with other political sectors in a search for a majority of 52 votes, the number necessary to nominate court judges.

"In order to nominate Supreme Court judges, 52 votes, a majority of two-thirds, are needed. Because the agreement with the PRE [Ecuadorian Roldosist Party] on this matter is not working, we must develop a broader agreement, and that is what we are seeking. We have undertaken a much more extensive dialogue with forces including the Democratic Left and Popular Democracy."

Concerning the caliber of the candidates, Nebot said it is hoped that the best men will be nominated. "In our party, as in the others, there are those who want to nominate their fathers, their uncles, or their partners. However, in our party, these people will not become candidates, although in others, they will."

Paraguay

'Mafia' Enter Country To Kill Wasmosy, Two Officers

PY1710144494 Asuncion NOTICIAS in Spanish 16 Oct 94 p 7

[FBIS Translated Text] Defense Minister Hugo Estigarribia said on 15 October that hired mafia killers entered the country to murder President Juan Carlos Wasmosy and two high-ranking military officers. This information was given to the president by murdered General Ramon Rosa Rodriguez. Estigarribia expressed concern about the ever-increasing level of violence promoted by the obscure tentacles of drug trafficking.

Estigarribia stated that the virtual execution of General Ramon Rosa Rodriguez, retired, is part of a plot revealed to high-ranking government officials 1 or 2 days before the attack on Rodriguez.

In remarks to Radio Cardinal just before noon, Estigarribia said that Rodriguez warned Wasmosy that a group had entered the country to attack the chief of state and two high-ranking military officers.

The minister added that the plot began with the death of Rodriguez, and that another high-ranking Armed Forces officer had been "fingering" by the mafia. He did not give the name of the officer who is also presumably on the traffickers "black" list, in addition to Wasmosy and the now deceased Rodriguez.

"The president told us that people entered the country to attack high-ranking members of the Armed Forces. He told us this the day after the attack. He said the information had been given to him by Rodriguez," Estigarribia said. He added that Wasmosy received the information 1 or 2 days before the 10 October murder.

"The executive branch, Congress, and the judicial branch feel insecure when we observe that people—even journalists—are being threatened all over the place. We must proceed carefully and take matters seriously. We must demonstrate that the authorities and courts can resolve the problems," he said.

Wasmosy Discusses 'Anarchists'

PY1710184494 Asuncion NOTICIAS in Spanish 17 Oct 94 p 8

[FBIS Translated Excerpt] Puerto La Victoria, Chaco—On 16 October, President Juan Carlos Wasmosy warned here about "political anarchists" who want to "enervate the population" and to destabilize the government, and

he stressed that nothing will stop the consolidation of the democratic process. In an impromptu address to the people of this town, the head of state once again criticized the media, indicating that what one reads in the newspapers is very different from what one observes in the interior. The strong criticism also unexpectedly included businessmen, whom he asked to stop thinking about living off the largess of the country. [passage omitted]

The president also pointed out that his government cannot do everything alone; therefore, he indicated that he needed the cooperation of the people, the Army, the police, and the churches, and that he wants them to accompany him in his task "of being able to soothe those scratches that at times occur in this incipient situation in which we must comprehend that the future of Paraguay lies above personal interests." [passage omitted]

"I want you to know that it is difficult to govern a country, especially in a democracy, if one has noble and honest purposes. I want you to be sure that we will consolidate this democratic process no matter how many people want to enervate the population and to destabilize this government," he stressed.

He stated that if he had to lose his life while exercising the functions of the presidency, he would do so with much satisfaction provided it served as a seed for more peace, development, and understanding among all Paraguayans. [passage omitted]

Communique on General's Death

PY1710162694 Asuncion ABC COLOR in Spanish 15 Oct 94 p 6

[FBIS Translated Text] In a communique released following the death of General Ramon Rosa Rodriguez, retired, the government denounces "attempts to destabilize"—although it does not mention from which sector these attempts come, nor who is responsible. Regarding the attack in which Rodriguez lost his life, the communique states: "The magnitude of the crime and the cold determination with which it was carried out threatens the vital interests of the nation," adding: "It is not a question of a common crime, but of a serious potential threat to the country."

The communique says that President Juan Carlos Wasmosy "considers an irreparable loss for the country and the government the death of one of its most honest and capable officials." It adds that in view of the "importance of the victim's role, which was vital for the health of the Republic, every legal measure" has been put into motion in order to clarify the incident.

The document states that the government has informed all political sectors "because it believes that in the fight against organized crime, which is basically the responsibility of the state, the population as a whole must provide responsible cooperation in order to maintain the common welfare."

It adds that "the judge in charge of the case was informed of events and was given all necessary instruments to expedite his investigation within the framework of the law" immediately after the tragic incident occurred.

"All the investigative services of the state are working to completely clarify the incident. The coordination of the results of all investigations by all services is being coordinated harmoniously and progressively by the Attorney General's Office, which, as society's representative, will present the case before the courts."

In another passage, the communique states: "As an investigation is underway it is not possible to publicly disseminate, without placing its success at risk, facts that could endanger the well-being of many persons who are bravely helping the investigation."

The presidency speaks of "destabilizing attempts" in the final passage of the communique.

"The people can be quite certain that the executive branch is committed to the consolidation of the democratic process and to see that its institutions are respected despite the destabilizing attempts being provoked by some people," it indicates.

Peru

Shining Path Plans 'Annihilation' of Those Who Surrendered

PY1710192294 Lima Global de Television Network in Spanish 0130 GMT 15 Oct 94

[FBIS Translated Excerpt] A document has been released that contains details of a terrorist plan devised by the Red Path.

Many believe the Repentance Law has been successful because more than 4,500 terrorists have benefited from it. This law has prevented terrorist groups, especially the Shining Path [SL], from reorganizing cadres that have gone astray or have been arrested. It has destabilized the groups. [passage omitted]

The document was drafted by Dincote [National Counterterrorism Directorate] based on notes taken from arrested terrorists or those who surrendered. The document states that the SL is preparing an offensive, after the Repentance Law expires, against those who surrendered.

The document is an informative confidential Dincote note sent to high-ranking police and Armed Forces officials. It clearly states that between 8 and 10 November the SL will carry out its fourth [as heard] "clean up" offensive that will involve the annihilation of the militants who have surrendered. Between 28 October and 3 November, they will launch their fifth offensive that includes the murder of former JNE [National Election Board] President (Cesar Polak Romero), [words indistinct], in addition to attacks against urban transportation units.

Finally, between 23 and 31 December, they will carry out their sixth offensive that includes the murder of a policeman and a civilian, in addition to attacks on bank branches in San Borja and [words indistinct] former Minero Peru headquarters.

Sociologist Raul Gonzalez believes that on 1 November the struggle against the SL will begin a decisive phase: the final confrontation. [passage omitted]

Mexican Poppy Growers Active in Putumayo

94WD0596A Lima EXPRESO in Spanish 2 Sep 94 p A11

[FBIS Translated Text] The aggressive antidrug campaign conducted during the past year by the Mexican authorities has prompted that country's Mafias to target Peru for their operations, especially for poppy growing, because the weather conditions are excellent. This assertion is made by intelligence analysts from various agencies repressing the drug traffic.

The destruction of over 100,000 hectares of poppy crops, and the seizures of nearly 300 tons of pure cocaine, 2 tons of heroin and opium gum (latex), and 3,000 tons of marijuana have been a hard blow to the Jalisco, Sinaloa, Matamoros, Juarez, and Tijuana Cartels. Their "capos" see in Cajamarca, San Martin, Amazonas, Huanuco, and Ayacucho locations that are highly favorable for growing the opium poppy. The eradication indexes have succeeded in reducing the cultivated area in real terms. The confiscations made by the Mexican Army have increased by 600 percent. The police have arrested over 86,000 persons implicated with the Mafias during the past two years, and veritable arsenals have been seized.

After the capture of Joaquin Guzman Loera, aka "El Chapo Guzman," on 9 June 1993, along with five other subjects who served as connections with the Cali and Medellin Cartels for trafficking cocaine to the United States, the Mafias began meeting and planning how to counteract the Mexican Government's efforts. The analysts claim this to have been the time that the first contacts were made between drug traffickers and the Chiapas leaders.

The capture of Luis Medrano Garcia on 20 June of the same year in Ciudad Juarez resulted in a major heroin seizure and the arrests of the "Mafiosi" Anacleto Valle Garcia, Miguel Angel Beltran Lugo, aka "El Ceja Guera"; Fernando and Jorge Rodriguez, Javier Pardo Cardona, aka "El Tio"; Juan Manuel Pineda Trinidad, and Juan Jose Quintero Payan. Others arrested were Jose Davila Ochoa, aka "Chabelo"; Marco Antonio D'Haro, and Roberto Beltran Felix, aka "Siete Machos."

Analysts from the Dinandro [National Antidrug Division (of the PNP)] [Peruvian National Police] claim that, with these captures, the Mexican police have made enormous progress in the dismantling of organized crime, receiving international recognition for having accrued results incomparable with any on the continent.

The Mexican Army and police also confiscated tons of chemical precursors, such as ethylic ether, ammonium chloride, chloroform, ammonium hydroxide, activated carbon, tartaric acid, and ethylidene diacetate, which are basics for processing drugs derived from poppies.

Furthermore, they dismantled 45 laboratories processing oleaceous substances and amphetamines, which were located in Colima, Guerrero, Jalisco, Michoacan, and Sinaloa, in the Pacific region. Also dismantled were nearly 20 in Chihuahua, Sonora, Nuevo Leon, Tamaulipas, and Baja California; and a similar number in Aguascalientes, Durango, and Zacatecas, in the north central region.

Many other laboratories were destroyed in Hidalgo, Puebla, and Morelos (central region), as well as in Veracruz, on the Isthmus, and in Mixteca, in the southern region. This represented a severe blow to the Mexican drug cartels.

Tests in Peru

It has not been determined when they began the tests on poppy growing at the order of the Mexican cartels, but it is known that the middlemen between the Peruvian farmers and the Mexican Mafias were Colombian "narcos" who settled in Upper Huallaga years ago.

The fact is that tests are being made with eight poppy varieties, using fungicides and fertilizers to ensure that their pods develop satisfactorily. And it would appear that they are achieving this in the border region of Putumayo, the boundary with Brazil and Colombia.

Plantations also have been detected in Yanachanci, Cutervo; La Colpa (a former livestock trading center), San Ignacio; and Chontali, Jaen, in Cajamarca; Anco and Sarapampa, La Mar, in Ayacucho; Naranjillo, in Rioja; Campanilla, Mariscal, in Caceres; Tabolosos, in Lamas; and Soritor, Moyobamba, in San Martin.

Others have been found in Huancambaba, Piura; Jumbilla, Naranjos, and Molipampa, in Chachapoyas; Bagua and Santa Maria de Nieva, in Amazonas; and, finally, Oxapampa, in Huanuco.

The Bosses

In the view of Luis Lamas Puccio, a consultant on the United Nations Anti-Crime Commission, the first opium poppy crops in Peru are being grown at the order of the Tijuana Cartel, whose "capo" is Benjamin Arellano Felix.

This organization has been the one most hurt by the antidrug efforts expended by the Mexican Government, because it lost not only the plantations but, in particular, its entire heroin distribution network and sophisticated laboratories.

The Tijuana Cartel is purchasing opium from the Colombian "narcos," paying between \$3,000 and \$4,000

per kilo. And, according to the aforementioned expert, it may consider paying the same price to the Peruvian "firms."

He added that, for this reason, the reestablishment of the "electronic intelligence" system is very important, not only to combat the washed basic paste and cocaine traffic, but also to prevent the Mexican cartels from converting Peru into a new poppy trading center.

Report Claims DEA Spray Destroying Fruit Plantations

PY1710231094 Lima LA REPUBLICA in Spanish
28 Sep 94 p 15

[Article by Rousseau Paredes]

[FBIS Translated Excerpt] Pucallpa, 27 Sep—The U.S. Drug Enforcement Agency (DEA) has destroyed dozens of hectares of lemon verbena, banana, yucca, and papaya plantations in Nueva Requena district by spraying coca plantations with the deadly fungus "spike," which destroys all forms of vegetal life within a radius of several kilometers.

This report has been released by the "Santa Clara" Committee of Agrarian and Agro-Industrial Producers and Traders, who demanded immediate intervention by the government to stop the annihilation of fruit plantations, which is causing great losses to the country totaling several millions of new soles.

Juan Wenceslao Tantarico, president of the committee, said that the Ucayali National University has after thorough studies confirmed that since April 1994 the DEA has been using the deadly fungus "spike" for the eradication of coca plantations.

He said that this fungus has caused the destruction of 11 hectares of lemon verbena plantations alone, representing a loss of 30,000 new soles. [passage omitted]

PRC Envoy Stresses Accelerated Cooperation Development

PY1710100494 Lima EL COMERCIO in Spanish
23 Sep 94 p A12

[FBIS Translated Text] PRC Ambassador to Peru Chen Jiuchang has stated that economic and cultural cooperation between Peru and the PRC has developed in an accelerated manner over the past few years.

He explained that PRC investments in Peru since 1992 have surpassed \$300 million, thus making them the fifth greatest source of foreign capital in Peru.

Stating that his country is the fourth commercial power in the world, the PRC ambassador added that "the amount of these investments will be increasing in accordance with the economic development of both countries."

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Chen Jiuchang referred to these economic developments upon attending the signing of an agreement that will permit the opening in Lima of the "Chinese Fair—5,000 Years of Civilization" in April 1995.

Considered the largest cultural fair the PRC has displayed abroad, it includes 1,500 pieces that describe the PRC history, its art, and its scientific and technological developments.

The agreement was signed by Pedro Gjurinovic, chief of the National Culture Institute, and Qian Zhaoli, member of the Association for Chinese Cultural Exchange Abroad.

Chen Jiuchang said that fairs on Chinese art and history in Peru not only strengthen bilateral ties but also have favorable repercussions in the economic and trade relations between the two countries.

Gjurinovic added that "beyond the importance of this fair, the signing of the agreement implies that we are now living in a different country that offers guarantees and security which were not offered a few years back."

The signing of the agreement has also served to announce, as a prelude, the display of another fair to commemorate the 45th anniversary of the founding of the PRC, which will be celebrated on 1 October.

This fair, called "Culture in China, Yesterday and Today," includes pictures, scientific developments, typical customs, handicrafts, and copies of archeological objects, all of which could be viewed from 4 to 25 October at the National Museum.

Uruguay

Venezuela's Chavez Visits, Grants Interview

PY1710173894 Montevideo EL PAIS in Spanish 30 Sep 94 p 17

[FBIS Translated Text] Venezuelan Lieutenant Colonel Hugo Chavez Frias arrived at the Carrasco International Airport yesterday. He will spend 48 hours in Montevideo. Upon his arrival, Chavez Frias, a man who spent more than two years in prison in his country for leading the 4 February 1992 rebellion against then President Carlos Andres Perez, told EL PAIS: "We are in the Bolivarian [from Simon Bolivar] path of Latin American integration."

Chavez Frias, 40, is of average height and strong physical build. He is a great talker and converses very fluently, which does not accord with his rigid military education.

During the interview with our reporter in a downtown hotel Chavez Frias said he had been acquitted, adding that his visit to Montevideo was part of a Latin American tour carried out "at the invitation of my good friend German Wettstein, whom I met during his exile in my country. He is an in-law of my compatriot Colonel Jose Luis Davila Garcia, retired, who is accompanying me on

this trip together with my lawyer and friend, Venezuelan economist Manuel Quijada."

Chavez said he and Wettstein, who is included in the list of Senate candidates for the Broad Front representing the Artigas sector, will meet later in the day with Broad Front representatives headed by General Liber Seregni, retired, and will hand Seregni an invitation for an international meeting that will take place before the end of the year.

Chavez Frias, who heads the so-called "Revolutionary Bolivarian Movement," defined himself as "anticoupsist with an ideological conception based on the liberator's [Simon Bolivar] ideals." Chavez Frias said he has embarked on an electoral campaign with a view to the 1998 elections in his country, adding that he does not exclude the possibility of running for president.

After an hour of waiting, EL PAIS was able to locate Chavez Farias at a downtown hotel. Chavez had gone out to purchase some books, most of them written by Eduardo Galeano, including "Latin America's Open Veins" and "The Book of the Embraces."

"I am one of Galeano's great admirers. I started to read him when I was in prison and I would like to get to know him personally," Chavez Frias said, adding: "I hope this great writer, whose Latin American ideals I share, will read this note and will agree to meet me."

Asked if he was planning to meet representatives of other political, military, or entrepreneurial groups, he said: "Of course. I am very interested in any type of suggestions for interviews. Anyone wishing to see me can do so here, at the hotel, on the corner of San Jose and Hector Gutierrez Ruiz Streets."

Chavez Frias said "I am a true defender of democracy," adding that his objective is to create "a grand front of national unity, not political, but of a popular nature." Asked about his publicized links with the "Painted Face" movement in Argentina headed by coupist leader Mohamed Ali Seineldin, Chavez Frias said: "Seineldin sent me a letter of support when I was in jail. It was just one more in the collection. I do not have any connections with them."

According to him, the purpose of his visit to our country "is to gain in-depth knowledge of Latin America's reality, of which Uruguay is a part, particularly because of its important political and military experiences."

Having stated that he traveled the length and breadth of Venezuela after he left prison ("I met with most of the community leaders without excluding indigenous peoples," he pointed out), Chavez indicated that "the time has come to look for direct contacts with Latin American peoples and their realities, and this is precisely what we are doing."

He pointed out that the movement he heads "is trying to draw people from progressive political sectors and

retired military sectors from Uruguay in the same way we did in Colombia and Argentina. We will do likewise in Chile, our next stop after Montevideo."

Upon being asked specifically about this summoning of military sectors, Chavez replied "this deserves much attention, since in this century we, military personnel from Latin America, have been following the swing of the pendulum. On one extreme one finds the military who throw in their lot with dictatorial regimes, whom we oppose because when we took up arms against the government we were not seeking to establish a dictatorship but rather to overthrow a civilian dictatorship disguised as a democracy. On the other extreme of this pendulum there are the eunuchs, the military who cannot express themselves or voice their opinions, the military who, in the face of the tragic situation confronting us, remain as if they were blind, deaf, and dumb."

In his view, "what we are seeking is a balance, an intermediate point between both extremes, a new role for new Armed Forces in Latin America."

In light of the reports that have been bruited about since he hit the headlines for his February 1992 coup attempt to oust President Andres Perez, EL PAIS asked Chavez point blank whether he intended to become president of Venezuela.

The answer was categorical—"since we left prison we have been saying that we intend to come to power, to formal power, because there are other powers that are built from the grass roots, and we are building a local power at the grass roots," he underscored.

Chavez said that he is totally free to enter and leave Venezuela and stressed: "Or rather, I have nothing to do with what is called Venezuelan justice because that is not justice at all. I would also like to make it clear that I was not released because of an amnesty but rather I was acquitted because the case was dismissed, since it was considered that there was no crime..."

According to Chavez, public opinion polls in Venezuela show that his movement "is by far the undisputable leader," adding that "there is still a long way to go until the 1998 elections, which we will fight with the same determination that we have shown so far because our movement did not come into being just by chance. It saw the light of day in the course of the 10 years we were in the barracks. It was a movement that came from the bowels of the earth and erupted on 4 February 1992...."

He tried at every moment to show that his movement had "a democratic profile," something that is seriously questioned by the aforementioned coup attempt on his record. He made it clear, though, that "the Revolutionary Bolivarian Movement has not yet been registered as a political party, so much so that we refuse to run in the 1995 elections for governors and mayors. On the contrary, we request and demand, together with our

people, that an election be called for a Constituent Assembly to establish the bases of the republic that have crumbled, since nothing, no model, seems to work in Venezuela. We first have to change the rules of the game and then hold elections."

Israeli Economics, Planning Minister Interviewed

PY1410192394 Montevideo EL OBSERVADOR
ECONOMICO in Spanish 3 Oct 94 p 28

[Article by Alejandro Gold]

[FBIS Translated Text] Shim'on Shetrit, the Israeli economics and planning minister, who visited Uruguay last week, met President Luis Alberto Lacalle and Javier de Haedo, director of the Office of Planning and Budget (OPP), seeking to promote bilateral economic cooperation and meetings between entrepreneurs.

The minister noted that his country's foreign trade totalled \$50 billion last year, only 6 percent of which involved Latin America. This percentage may be increased, he said.

Discussing Mercosur [Common Market of the South], the minister noted that its greatest hopes lie in the economic and political stability that it will bring to the region. He said the agreement will encourage Israeli companies to increase trade with this region and reduce distances, "both geographical and psychological."

The minister noted that trade must be implemented through companies and agreements among entrepreneurs and that the politicians' role is to pave the way. The minister said: "The best way to encourage bilateral trade is to encourage Uruguayan entrepreneurs to visit Israel and vice versa, favoring new deals."

The Israeli minister said: "Politicians pave the way and entrepreneurs follow. If entrepreneurs use the way properly, they will reach their destination. Entrepreneurs require a lead and this is the politicians' role: to pave the way. Entrepreneurs should not fear to follow."

Asked about the impact of the peace process on the Israeli defense budget, the Israeli minister noted that defense expenditures have declined significantly over the past few years. He said: "In 1975, defense spending represented 35 percent of the GDP while today our defense appropriation is a mere 7.8 percent."

Shetrit explained that this amount is still very high compared to developed nations, but huge amounts must be invested because peace also costs money.

In addition to the threats that Iran, Iraq, and Libya still pose for the Israeli State, the minister noted: "Peace with Palestinians will cost Israel about \$500 million."

Reviewing other Israeli economic data, the minister said his country has hosted 560,000 Jews over the past few years, which represents 10 percent of the population, especially from the former Soviet Union. He explained

that the unemployment rate totalled 11.5 percent three years ago, but this has now dropped to 7.2 percent.

Concerning the possibility of handing over the Golan Heights to Syria within the framework of a peace accord, the Israeli minister said Israel is willing to negotiate this issue in exchange for peace, but the accord will be resolved through negotiations.

The minister said: "Peace will also be useful to Syria, so it must also yield on its demands."

Concerning international terrorism, the Israeli Minister noted that his country has warned all nations on this phenomenon that is often promoted by Islamic fundamentalism. He said: "The crime exists and must be fought, every country must take measures to struggle against terrorism."

Vice President To Run for Senate Seat

PY1410193094 Buenos Aires TELAM in Spanish 1821 GMT 8 Oct 94

[FBIS Translated Text] Montevideo, 8 Oct (TELAM-SNI)—Uruguayan Vice President Gonzalo Aguirre today announced that he will run for a Senate seat in support of the ticket of [National Party] Herreraist faction leader Juan Andres Ramirez.

Aguirre, who on 5 October withdrew from the presidential race, heads the ruling National Party's Renewal and Victory Movement.

Political sources said that the Uruguayan vice president made his incorporation into the Herreraist faction ticket official yesterday. The elections will be held on 27 November, that is, less than 50 days from today.

Aguirre is the first National Party leader to announce his candidacy. He withdrew from the race after former president and Colorado Party candidate Julio Maria Sanguinetti said that "the vice president's candidacy was unconstitutional in having been acting president during the three months prior to the election."

The Uruguayan vice president replaced President Luis Alberto Lacalle in the presidency for four days when Lacalle travelled to New York to participate in the UN General Assembly.

Aguirre, an attorney who specializes in constitutional law, said that "his candidacy was not unconstitutional, but he would withdraw to avoid the shadow of a doubt and prevent a legal debate that could create an unfavorable climate during the electoral campaign."

Aguirre's withdrawal occurred at a time when the Electoral Court (the highest electoral tribunal) is analyzing whether the candidacy of Sanguinetti's fellow party member Mario Carmionatti for mayor of Montevideo is unconstitutional. The Uruguayan vice president announced that his support for Ramirez "would increase

the chances of the National Party in November's elections." He added that his movement's support for the Herreraist ticket "would serve to balance existing forces within the National Party." Aguirre also said that his decision would favor independent citizens who "will have the possibility to vote for candidates in whose victory they honestly believe."

Poll Shows Colorados, Blancos Grow in Popularity

PY1410214594

[FBIS Translated Editorial Report] Montevideo EL PAIS in Spanish on 2 October publishes on pages 10-11 of its Fourth Section, under the headline "The Election Will Be Decided Between the Blanco and Colorado Parties," an 800-word article on the results of a CIFRA poll conducted exclusively for EL PAIS.

CIFRA polled 1,816 people during the third week of September. Some 29 percent of those surveyed said they would vote for the Colorado Party, 28 percent for the Blanco Party, 24 percent for the Progressive Encounter, 4 percent for the New Sector Coalition, and 2 percent for the Green Party. The article notes an important change since last month's survey; a drop in the number of undecided voters from 20 percent to 12 percent.

The Colorado Party, whose popularity had been waning over the last few months, has reversed this trend and increased its support by one point. Meanwhile the Blanco Party increased its popularity among voters by four points. The Progressive Encounter vote has not changed since last month.

On the choice of president, Julio Maria Sanguinetti remains well ahead of his rivals within the Colorado Party—79 percent of those surveyed said he would be their choice as president against 11 percent for Jorge Batlle. Within the Blanco Party, Alberto Volonte continues to be the favorite with 48 percent against 27 percent for Juan Andres Ramirez.

Presidential Hopeful Volonte Interviewed on Issues

PY1510013394 Buenos Aires CLARIN in Spanish 6 Oct 94 p 40

["Exclusive"] interview with Uruguayan Blanco Party presidential hopeful Alberto Volonte by Araceli Viceconte "during a brief visit to Buenos Aires"; date not given]

[FBIS Translated Text] [Viceconte] Would your administration discontinue or continue the administration of President Lacalle, who also belongs to your party?

[Volonte] I would undoubtedly pursue the economic policy, the basic lines that are aimed at definitely curbing inflation, and an economic opening. We will observe and enhance these concepts.

[Viceconte] Would you implement an adjustment program similar to the one implemented by Argentine Economy Minister Domingo Cavallo?

[Volonte] Countries implement programs that are consistent with their reality. Our current priority involves a profound reform of the social security system. Nevertheless, it is true that I would like to curb inflation, like Argentina did.

[Viceconte] Retirees carry substantial political weight in Uruguay and Lacalle already had serious problems over his adjustment plan: nationwide strikes by teachers, police.... How would you implement an adjustment without any social and political cost?

[Volonte] I bet on achieving unity within our society. I have an excellent relationship with the trade unions because I headed a key public enterprise like UTE [General Administration of State Electric Power and Telephones].

[Viceconte] Nevertheless, are you not worried over the cost of a plan that will surely be challenged in your country?

[Volonte] No, because I actually believe the Lacalle administration already paid the highest cost. The Lacalle administration reduced inflation from 130 to 40 percent per annum. Inflation actually kills the poorest people.

[Viceconte] Do you have a different message for the people?

[Volonte] Former President Julio Maria Sanguinetti says there should be reasonable inflation in Uruguay. I only know one type of inflation: the one that represents a disease for the society.

[Viceconte] Do you believe these economic points represent the basic demands made by Uruguayans?

[Volonte] These demands are being made by Uruguayans, by our region, and by the world. The world is facing a situation that is completely different from the one it faced a decade ago. The world is disarming itself and is preparing itself for a trade war. And blocs are being formed; this is why we have to become regionally strong.

[Viceconte] Do you believe Uruguayans are prepared for this fierce competition?

[Volonte] In the River Plate we have an extraordinary treasure: the people, their culture, and their training. Therefore, we assign priority to the reassessment of human resources.

[Viceconte] It is being said that you are a populist surrounded by neoliberal experts....

[Volonte] Perhaps my sensibility and my lifetime ideas, as well as the fact that I am a Catholic, have helped me gain the reputation of being a populist. Nevertheless, I am very serious when it comes to work and I use results

for making my assessments. I have an excellent relationship with the trade unions and I did not ask my experts if they are neoliberals. I am a pragmatist.

Economy Minister, Planning Director View Economic Issues

PY1710142194 Montevideo EL PAIS in Spanish 4 Oct 94
p 10

[Article by Carlos Pauletti in Madrid]

[FBIS Translated Excerpt] Uruguay will have a brilliant future if it implements the three great reforms that are still pending: education, state, and social security. Automotive industry negotiations with Argentina on the CAUCE [Argentine-Uruguayan Agreement on Economic Cooperation] have not achieved significant progress and the issue "will be included in the car industry package that is being negotiated within Mercosur [Common Market of the South], which specially deals with the car and sugar industries." [passage omitted]

These remarks were made by Economy and Finance Minister Ignacio de Posadas and Planning Director Javier de Haedo at a news conference during a break in the 49th Assembly of IMF and World Bank governors.

They stated that our country has not been effected by the variable flow of foreign capital into our region and that, even though this is election year, there has been a 90-percent increase in the entry of foreign capital.

They also reported that Brazil's new economic plan and the increased international price of wool will benefit the Uruguayan economy. Thus the agricultural sector will make good profits this year and economic growth in 1994 will be higher than predicted. De Posadas said it would increase between 2.5 and 3 percent, but Haedo says it will be higher.

The news conference came at the end of the meeting between the Uruguayan delegation and IMF authorities headed by Sterie Beza, director for the Western Hemisphere. The two ministers reported that they reviewed what had been achieved during this governmental period. They said IMF officials were very interested in hearing the economic policies of the candidates in view of the November elections. [passage omitted]

De Posadas indicated that our country is fine due to Uruguay's location in the region. The planning director indicated that this year there will a deficit of 2 to 2.5 percent as related to the GDP, adding that income from tourism must be taken into account when the trade deficit is discussed. He explained that if the trade deficit totals \$800 million, the \$500 million income from tourism must also be taken into account. [passage omitted]

The two officials were asked how Uruguay would be affected by the alleged variable flow of capital toward the

region. They answered that Uruguay has not been involved in this type of fluctuations, and the flow of private capital increased by 90 percent between 31 December 1993 (\$115 million) and June 1994 (\$219 million). "This has occurred during an election year which goes to show that there is a lot of confidence in the country." [passage omitted]

De Haedo said: "During our 10 years of democracy the per capita product has increased by an average of 3 percent every year, an interesting figure if compared with those of other countries."

"If we analyze the figures of the last 40 years," he continued, "we will see our growth rate has been improving. During the past 10 years the GDP has grown an average of 3.5 percent per year, during the past 20 years that growth averaged 2.5 percent, and during the past 40 years it grew by 1.5 percent a year. Uruguay will face a very promising future if it complies with two attainable points: Mercosur, which is synonymous with opportunities; and the reforms that have to be carried out. Our growth rate can reach between 4.5 and 5.5 percent a year." [passage omitted]

He stressed that Mercosur is compatible with GATT, adding: "Our concern as a small country was that regional integration had to be implemented with an open mind, something that was fundamental for us. After two or three years the common market has shown itself to be an ideal instrument that will open up the rest of the world. There is the case of Brazil: Of the four countries, it has had a much greater opening to the world during the past three years and this opening was motivated and induced by its participation in the single market."

Venezuela

Foreign Minister Denies Rumors of 'Imminent Coup'

PA1810043494 Mexico City NOTIMEX in Spanish 0343 GMT 18 Oct 94

[FBIS Translated Text] Caracas, 17 Oct (NOTIMEX)—Venezuelan Foreign Minister Miguel Angel Burelli Rivas today denied U.S. radio reports that there is a social revolt in the country. Meanwhile, the transportation strike in Maracaibo ended.

"The radio reports that police tried for hours to control social disruption in several Venezuelan cities are inaccurate," Burelli said at a news conference.

Regarding protests against a possible hike in transportation fares in Carabobo and Zulia States, Burelli said they are a "series of demonstrations to which we are accustomed and which lose strength every day."

He added that the disturbances "that are allegedly occurring in my country and the rumors of an imminent coup d'etat do not reflect the truth of the matter."

The foreign minister also said that the Venezuelan press is not saying anything of the sort and that he does not know why U.S. radio stations are trying to tarnish Venezuela's image.

There is a mania about trying to portray us as a chaotic country, an ungovernable and difficult nation, but the government enjoys popularity, and President Rafael Caldera is trying to face the nation's problems, he added.

Meanwhile, calm returned this afternoon to Maracaibo, the country's second largest city, when a week-long transportation strike initiated last week to demand an increase in bus fares ended.

The demand gave rise to violent street protests by students from the University of Zulia and other schools, resulting in at least 30 arrests and some injuries.

The decision of the League of Brotherhood, a group of hundreds of minibus owners, ended a week of constant confrontation between students and security corps in Maracaibo.

Congressmen Ask Government To Specify Subversion Charges

PA1710000494 Madrid EFE in Spanish 1924 GMT 16 Oct 94

[FBIS Translated Text] Caracas, 16 Oct (EFE)—Congressmen of diverse political parties today demanded that the Venezuelan Government "specify" its charges about alleged subversive plots in which bankers, active and retired military personnel, and even leftist guerrillas such as the Red Flag are implicated.

"Defense Minister General Rafael Montero Revette should be explicit when he makes charges, which appear to me to be very rash, or he should retract them," declared independent Senator Freddy Munoz, vice president of the Defense Commission of the Senate.

"If one takes the defense minister's charges seriously, one would have to conclude that the country is going through a very serious situation and the government would be obliged to adopt strong measures against those who are destabilizing the democratic regime, something which is not happening," Munoz told the newspaper *ULTIMAS NOTICIAS*.

General Montero's charges were made in addition to those made against former Defense Minister Vice Admiral Radames Munoz Leon in the sense that he is conspiring with a powerful economic group, as well as to the existence of a restricted report by the military secret service about the possibility of popular disturbances, which might degenerate into a civil war.

The latter charges were described as the product of some politicians' "tropical fantasy" by Interior Minister Ramon Escovar Salom, who contrary to his defense colleague denied the existence of subversive plans.

This situation led Social Christian Party Senator Hilarion Cardozo to state today that the government is witnessing "dangerous symptoms of inconsistency," because in its midst there are contradictory views regarding the country's sociopolitical situation.

Cardozo, president of the Social Christian (Copei) Party, warned that the government should avoid engaging in contradictions and should dedicate itself to controlling hoarding and speculation to reduce the people's unrest.

Congressmen of the principal opposition party, the social democratic Democratic Action (AD) Party, expressed their concern over the charges made by the defense minister and said they will ask the government to clarify itself on this topic.

"If there is a destabilization plan in the country by bankers who have gone abroad and leftist groups, the government must identify them and order their arrest, but it does not do so because it is not sure," the congressmen stated.

During a tour of the country's western region, Venezuelan President Rafael Caldera asked his countrymen to "overcome intrigues, arguments, divisions, differences, group and vested interests to overcome harmoniously the big struggle for development."

In his speech, Caldera insisted the financial crisis is being overcome and that banking confidence has experienced a notable recovery, and he invited his fellow citizens to "effect the change Venezuela demands."

Mario Moronta, secretary of the Venezuelan Episcopal Conference, however, said that nobody doubts Caldera's good intentions in some respects but said that in others, he appears to have lost decision-making power.

"In the government there are honorable people, but there are also those who look the other way when it comes to corruption," Moronta said.

Prosecutor General, Interior Minister on Disturbances

PA1510000494 Caracas Union Radio Network in Spanish 2200 GMT 12 Oct 94

[From the "Union Radio News" newscast]

[FBIS Translated Text] Prosecutor General Ivan Dario Badell appealed to the people to prevent acts of violence such as those in Maracaibo and Valencia because such disturbances will not help alleviate the nation's crisis.

[Begin Badell recording] I believe these are demonstrations like those that have occurred on other occasions. These are plainly and simply vandalistic demonstrations that have no other goal other than to create instability among the Venezuelan people. I believe that above all we must support the democratic system in Venezuela, because that is the only way to maintain a positive way of life for the people. [end recording]

Meanwhile, Interior Minister Ramon Escovar Salom believes the violence that occurred on Tuesday night in Valencia are isolated cases and are not part of a flare-up, much less a civil war.

[Begin recording] [Escovar] Not every disturbance should be interpreted as a flare-up, a civil war in the nation, or a shake-up [sacudon]. The word shake-up is rather broad to pin on any incident. It was not a shake-up.

[Unidentified reporter] Do you consider these isolated cases?

[Escovar] In my opinion, the majority of people want to work in peace, therefore these incidents have no political foundation for creating a climate of rebellion or revolution. It is important that people know that in Venezuela there are no bases for believing that we are on the verge of a revolution or a collapse of institutions. There might be disruptions of public order such as those that have occurred, but that is not enough to destabilize the nation or the government. [end recording]

Minister Escovar Salom also commented on intelligence reports indicating the possibility of a new social upheaval.

[Begin Escovar Salom recording] None of those opinions, regardless of how respectable they may be, are prophecies. Even the prophets of the Bible were not always right when they announced the apocalypse. This is not the word of God. An intelligence report indicating a possible risk of social disturbance is one thing. It is all very respectable. But that does not mean it is the word of God, that things will turn out that way. [end recording]

In conclusion, he said that the inconveniences experienced by Radical Cause legislators Alberto Emilio Rojas, Freddy Gutierrez, and Rafael Uzategui in leaving the country were due to an error made by an official of the General Directorate of Identification and Alien Affairs [DGIE].

[Begin recording] [Escovar Salom, in progress] ... what can be done.

[Reporter] [Words indistinct]

[Escovar Salom] No, the prohibition to leave was an abuse committed by a DGIE official. An investigation is under way to determine whether this was done on purpose to hamper the clean-up operation in the DGIE or if a mistake was made. The official in question has lost his authority. The deputies and senators cannot...[pauses] they have immunity, so such a thing cannot be done. [end recording]

Carabobo Governor Remarks on Social Violence

PA1710192194 Caracas Venezolana de Television Network in Spanish 1600 GMT 17 Oct 94

[From "The News" newscast]

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[FBIS Translated Text] Carabobo is one of the states shaken by social violence in recent days. Unidentified individuals have burned 13 vehicles there, creating concern and uneasiness among the people.

Carabobo Governor Enrique Salas Romer believes there is a political motive behind these acts of vandalism. Although he does not rule out disputes or rivalries among groups that want to control the state and obtain benefits, it is clear terrorism is sowing unrest among the people, and to counteract it, the Carabobo police agencies, helped by the national agencies, are making a great effort to halt the situation. Meanwhile, Governor Salas has asked the people to remain calm and has promised to guarantee peace:

[Begin Salas recording] What I want to tell the people of Carabobo is that they can be completely certain we are doing everything within our means to maintain public order so that our cities can continue developing normally. We have to continue working. We cannot play into the hands of those using violence, because they want to create fear and cause irrational reactions by frightened people. The people of Carabobo can be certain we will continue to progress just as we have done in recent years. [end recording]

Interior Minister Remarks on Protests

PA1710194894 Caracas Venezolana de Television Network in Spanish 1600 GMT 17 Oct 94

[From "The News" newscast]

[FBIS Translated Text] Do you think the lack of water, inflation, unemployment, and the crisis in public services are sufficient reasons to protest? Interior Minister Ramon Escovar Salom at least admitted this is the case, adding that such situations create social conflicts. Even though this sounds paradoxical, he has reiterated that social upheaval is just a tropical fantasy.

The interior minister said this morning in an interview with Napoleon Bravo that protests can be peaceful and that this is what the government wants; nevertheless, he also said there are sectors interested in a violent solution, and it is those sectors that must be controlled. He added that this is the reason why the Interior Ministry has invited them to a dialogue and why it is struggling to convince the country to maintain peace at all costs:

[Begin Escovar Salom recording] It is said everyday that there is going to be upheaval and a massacre [matazon] and that this is the only way out for the country. That is what is said everyday. This is what I reject. I think the country has a democratic opportunity to intensify changes, something this government can do. This government can offer an alternative. The choice here is between the current government and its possibilities to change things and a revolutionary-type massacre and an upheaval as the one being advocated. Those are the choices here. [end recording]

Transportation Strike Affects Zulia Residents

PA1810012994 Caracas Union Radio Network in Spanish 2200 GMT 17 Oct 94

[From the "Union Radio News" newscast]

[FBIS Translated Text] Zulia residents were negatively affected by the transportation strike this Monday. Long lines of people waiting for transportation were observed in several areas of the city. Many people rode standing in open trucks, and others used the transportation services provided by the Armed Forces. For his part, the university director reported that academic activities were resumed this Monday.

Senator: Government Measures Adversely Affecting People

PA1410134894 Caracas Union Radio Network in Spanish 2200 GMT 12 Oct 94

[From the "Union Radio News" newscast]

[FBIS Translated Text] According to Radical Cause Senator Alberto Muller Rojas, the government of President Rafael Caldera has no type of orientation, given the measures it is implementing adversely affect the people:

[Begin Muller recording] All the government measures are adversely affecting the people. They are introducing a new additional credit of 260 billion bolivares, outside the Umbrella Law. This measure will impose on the nation an inflation rate almost as serious as the one caused by the credits issued to the banks. [end recording]

He has said the violence in Maracaibo is evidence that there is major discontent among the people:

[Begin recording] [Muller] The protests will be a general clamor, and from there, not much is lacking for acts of violence to be produced, much more so when there are permanent provocations from the forces of public order. So, if you add up the people's despair and the constant aggression they support from the police forces and from officials such as Governor Raymond Aguiar....[pauses] Governor....

[Unidentified reporter, interrupting] Asdrubal Aguiar...

[Muller, interrupting] Yes, Asdrubal Aguiar, you will find an adequate climate for a social outbreak to take place in this country, as in February 1989. [end recording]

Minister Blames 'Outlaw Bankers,' Others for Destabilization

PA1510161094 Caracas Union Radio Network in Spanish 2200 GMT 14 Oct 94

[Report by Cecilia Pachano at Miraflores Palace in Caracas; from the "Union Radio News" newscast]

[FBIS Translated Text] Defense Minister General Rafael Angel Montero Revette has accused outlaw bankers and

the retired military who participated in previous uprisings of instigating destabilization. Gen. Montero Revette insisted that various groups have been carrying out these destabilizing activities, adding they are acting in a disorganized way, but that outlaw bankers are playing a leading role.

[Begin Montero recording] It is known that a destabilizing group exists. It includes, as I have said on many occasions, members of both the left wing and right wing. The measure that has just been adopted by the Council of Ministers... [pauses] We are sure that some bankers who went abroad will not remain idle. Maybe they will try to act in some way to create discontent among the population.

There are some left-wing groups which seek destabilization; there are some left-wing groups which advocate looting and a social explosion—but measures have been adopted. The president of the Republic was quite clear in saying that financial problems are virtually solved, that we are on the right track, and that we can try to reach a satisfactory solution. [end recording]

Montero Revette said that the bankers who swindled the country are specifically financing slander campaigns against Venezuela in U.S. newspapers. In his opinion, they may be financing destabilizing actions in the country.

According to Montero Revette, these actions are also the work of groups like Red Flag, Total Disobedience [Desobediencia Total], and the 200 Revolutionary Bolivarian Movement.

Attorney General Announces Expropriation Mechanism

PA1710022694 Caracas Union Radio Network in Spanish 2320 GMT 15 Oct 94

[Report by Orquidea Sanchez from the "Union Radio News" newscast]

[FBIS Translated Text] The expropriation of all assets offered as collateral for financial assistance from FOGADE [Deposit Guarantee and Banking Protection Fund] will begin this Monday, 17 October.

In addition, the assets of all customers who received loans from intervened banks without providing any collateral will also be expropriated.

The aforementioned announcement was made by Attorney General Jesus Petit Da Cosa. The Expropriation Decree allows debtors the opportunity to voluntarily transfer their assets to FOGADE or Banco Latino, otherwise their assets will be expropriated regardless of whether they have been pledged.

No payments will be made with respect to the expropriation since the decree is based on the suspension of constitutional guarantees, specifically Article 101 of the Constitution.

It is expected that the expropriation process will take approximately 45 days during which time it will be possible to pledge and expropriate the assets.

The decree will only affect those assets in the country since it will be impossible to expropriate those that are abroad, because the Office of the Attorney General has no jurisdiction overseas.

The expropriation mechanism will be as follows:

As a first step, the Attorney General decrees the expropriation in each case by stipulating the amount pending.

Afterward, the ownership document is registered by virtue of the expropriation act.

Once this step has been completed, the property owner will discuss the price unilaterally fixed to the property.

Once the final price has been fixed, compensation will be made in accordance with the outstanding amount.

Finally, the property owner is entitled to recover the asset within 60 days. Once this time period has expired, either FOGADE or Banco Latino, as the case may be, will proceed to transfer or sell the impounded asset.

Finance Minister Seeks Support for Energy Issue at Summit

PA1810003994 Caracas Union Radio Network in Spanish 2200 GMT 17 Oct 94

[Report by Cecilia Pachano from the "Union Radio News" newscast]

[FBIS Translated Text] At his first meeting with local reporters following his tour of the United States and Europe, Finance Minister Julio Sosa Rodriguez said the interest shown by foreign investors at the forums he attended in representation of Venezuela had been particularly encouraging. He mentioned that European bankers expressed interest in the privatization process of financial institutions in which the government had intervened and that the U.S. banking sector and investors had shown special interest in firms linked to the Venezuelan Corporation of Guayana and the national oil sector.

Sosa Rodriguez also reported that he initiated talks with neighboring countries to garner support for our country's presentation of the issue of energy development in the hemisphere at the Summit of the Americas.

Regarding the country's current economic indicators, he said he trusted the inflation rate would remain within the limits set by the cabinet and that we would talk about the revalorization, not the devaluation of the bolivar in the not too distant future.

Country To Resume Ties, Oil Supplies to Haiti

PA1810011594 Madrid EFE in Spanish 2319 GMT 17 Oct 94

[FBIS Translated Text] Caracas, 17 Oct (EFE)—Venezuela will resume petroleum supplies to Haiti and

will normalize relations with that Caribbean nation now that Jean-Bertrand Aristide has returned to power, according to an official communique issued today by the Venezuelan Foreign Affairs Ministry.

The communique stated that "in view of the normalization of the situation in Haiti and the return of President Aristide," Venezuela will resume petroleum supplies to that nation which were unilaterally suspended on 1 October 1991 following a military coup headed by General Raoul Cedras.

The supply of crude to Haiti will remain subject to the terms specified in the Jose Pact, by which Venezuela and Mexico supply petroleum at special prices and conditions to Central America and the Caribbean.

The Venezuelan Foreign Affairs Ministry also announced that "in view of a UN Security Council resolution suspending all sanctions against Haiti, Venezuela will reestablish relations with the legitimately elected Haitian authorities."

The note expressed the Venezuelan authorities' satisfaction "at the restoration of democracy and legitimacy in Haiti, goals to which Venezuela has always been committed."

Foreign Minister Discusses Extradition Accord

PA1510154594 Caracas *EL NACIONAL* in Spanish
14 Oct 94 p D-1

[FBIS Translated Text] Foreign Minister Miguel Angel Burelli Rivas has asserted that, as with drug traffickers, the government will search in foreign countries for citizens against whom legal cases in Venezuela for corruption or economic crimes are pending.

The foreign minister added that further to this end, Venezuela is calling a meeting of the OAS to get member states to approve an agreement that will allow people who have committed crimes of economic fraud or public embezzlement to be arrested anywhere in the world. This proposal was promoted by President Rafael Caldera at the Ibero-American Summit in Cartagena and at the UN General Assembly. Burelli Rivas emphasized that corruption has become a serious problem and has created inequalities in developing nations. It thus cannot continue to go unpunished.

The foreign minister and Justice Minister Ruben Creixems were invited by Congress' commission on interior policy, chaired by Walter Marquez, to answer questions on the extradition request for drug trafficker Larry Tovar Acuna (currently arrested in Colombia) and the revocation of the passports of bankers involved in the bankruptcy of several banking institutions who remain at large. PTJ [Judicial Technical Police] Director Ramon Lazo Ricardi and DIEX [Directorate of Identification and Alien Affairs] Director Hector Isava also attended this meeting.

The foreign relations minister said he was confident that the international agreement to extradite people charged with economic crimes and administrative corruption would be signed in the near future.

Regarding the extradition agreement that the presidents of Colombia and Venezuela, Ernesto Samper Pizano and Rafael Caldera, respectively, said they would sign, the foreign minister reported that he trusted the bilateral agreement would be signed expeditiously in the coming months. This agreement will facilitate extradition of drug traffickers from both countries and will eliminate bureaucratic obstacles.

Justice Minister Ruben Creixems observed that Venezuelan laws and international agreements have to be adjusted to current times. In this sense, he added that he knew the new realities would prompt the international community to sign extradition treaties for drug traffickers and people involved in public embezzlement or economic crimes.

The ministers agreed that the National Congress would prepare a law on passports to enable the government to revoke such documents held by people who have committed crimes of public corruption, drug trafficking, and economic fraud.

Foreign Minister Pleased With Outcome of Samper Visit

PA1510012094 Caracas *ECONOMIA HOY* in Spanish
13 Oct 94 p 22

[FBIS Translated Text] Foreign Affairs Minister Miguel Angel Burelli yesterday expressed his pleasure with the attitude taken by Colombian President Ernesto Samper, who flatly refused to refer to the Gulf of Venezuela as the Gulf of Coquivacoa.

"The Gulf of Venezuela was never called the Gulf of Coquivacoa, because Venezuela gets its name from the gulf. Lake Maracaibo, not the Gulf of Venezuela, was called Coquivacoa. It was a misunderstanding on Colombia's part. Fortunately, President Samper straightened it out, and that is a positive step," Burelli said.

Questioned about Samper's opinion that we must find a swift solution to the border conflict between the two nations, he said that an agreement is appropriate but asserted that there is nothing to indicate we will reach one in the near term.

The foreign minister said Samper's visit produced excellent results in terms of bilateral integration and Colombia's and Venezuela's relations with other regional blocs.

Burelli stressed that the bilateral trade problems triggered by the foreign exchange control currently in effect in Venezuela are being handled, adding that this concern will soon be dispelled. He also highlighted the prospects for the two countries as they view the possibility of

establishing ties with Mercosur [Common Market of the South] through the close relations between Venezuela and Brazil.

President Caldera Addresses Mayors

PA1610234694 Caracas EL UNIVERSAL in Spanish
14 Oct 94 Section 1 p 10

[Report on speech by President Rafael Caldera during the installation of the National Council of Mayors at the Central Bank Auditorium in Caracas on 13 October]

[FBIS Translated Text] We are beginning to walk on firmer ground following the bank crisis, which has been one of the most serious crises faced by any country, President Rafael Caldera said yesterday during the installation of the National Council of Mayors at the Central Bank Auditorium.

In his speech, Caldera stated:

The decentralization process—which is particularly characterized by the popular and direct election of state governors—involved at the municipal level the reappearance of a historic position of Spanish origin, which had begun to vanish: the institution of the mayors. It was proposed that although the collegiate groups that make up the municipal councils should have a normative and influential function, the executive function should be directly bestowed by the people on the officials who were elected as mayors. The role of the mayor has very distinctive characteristics in Spanish literature, and particularly in the golden age of literature. This is why the mayors carry a major responsibility on their shoulders: to give the municipality their vigor, excellence, and daily and constant attention to meet the needs of the people. They also have the responsibility to manage and use honestly and efficiently—in keeping with the Constitution and municipal tax mechanisms—the resources the people place in their hands so that they will be managed for the good of the community.

I believe this decentralization process—which is typical of the new stage in the Venezuelan democracy—has a harmonious objective leading to the autonomy of the states and municipalities and the participation of society in the resolution of its own problems. This participation is specifically exemplified by the neighbors' associations—which are clearly assuming a singular and defined role within the national situation.

We all know perfectly well that the decentralization process does not seek to reduce responsibilities, but rather to match capabilities and concerns. No Venezuelan should think of decentralization as a process to hedge responsibilities or shift them from some officials to others, but to offer rather the chance of resolving the serious problems facing the country to a larger number of people with greater capabilities.

The country, the ordinary people believe the problems we are faced—which are many and quite serious—must

be resolved efficiently, and they are not concerned with who solves them, but how they can be truly and efficiently solved. Solving these problems calls for an atmosphere of understanding, cooperation, a coordination of efforts and not some sort of emulation or a promotion of rivalries, which would lead to nothing but a negative situation. A negative situation could eventually make citizens blame the authorities elected by the people for failing to solve their problems. Within the Venezuelan democracy, the national executive branch draws its power from the people and so do the national legislative branch, the state executive and legislative branches and the municipal organizations.

The municipal organizations, which are closest to the voters, are united by the common duty of facing—with honesty, good will, and intentions to find solutions—the issues that have worsened our living conditions and that have in many respects placed Venezuela, internationally, in levels that are incompatible with our situation, historical tradition, and mission.

If this does not come about, the loser will be the Venezuelan citizens, the people, who need their elected officials to respond to their needs effectively, promptly, and sincerely.

Municipal competence is, for example, ensuring sufficient supplies of drinking water to the population. Municipal competence is to administrate and maintain the water service. However, it would be impossible for the municipal government to carry the heavy burden of providing large cities with sufficient water supplies on their own, when water must be brought in from distant locations by way of highly expensive and complex facilities, if the national government does not decidedly accept its part of the responsibility.

We could examine other services so very important to the every day life of the people. Such is the case, for example, with personal security and security for people's property. Another example could be environmental sanitation, consistent with nature and ensuring a truly human existence.

This is why we believe these accords must necessarily lead us to a harmonious proposal of possibilities and efforts, instead of a simple delimitation of responsibilities.

The national government is experiencing an extremely difficult situation. In order to resolve the main social and economic problem it faces, namely inflation, it must use the funds it has in the most rational and fair way possible, as such funds are insufficient for the many needs.

As President Chumaceiro has said, we are carrying out many projects in many places across the nation. Some of these projects take many years of work and we have not allocated or have been unable to allocate the appropriate funds for their completion.

Establishing priorities among the various projects based on the benefits they will provide the people and the urgency with which the people need them, is a truly difficult task. I am sure the team of people that currently make up the executive branch is willing to do everything in its power to reach the best possible decisions in identifying those projects that are the most viable and best serve the national interest.

Dialogue is essential in reaching those decisions. I have great hope in the Venezuelan municipal movement and allow me to add: It is important for those who now draft municipal policies not to forget the hard lessons of past failures, even those within the democratic experience of the national government.

It would be pitiful if we were to make the same mistakes, whether at the national or municipal level, that led to the collapse of our government institutions and projects. Municipal and national governments must be careful not to fall into the excessive bureaucracy that has done so much damage to the country's public administration system. They must be wary not to be drawn in by the many forms of influence peddling and favoritism and select the best qualified to carry out the task, instead of paying off a debt or doing favors for those who, for one reason or another, contributed to one's election.

I am sure this experience will always be present in municipal policy. Likewise, mayors will make an effort to achieve a constructive relationship with what we may call the municipal legislative branch. The example set by the mayors when they have a harmonious and constructive relationship with the members of their respective municipal council is an example that reaches far beyond the municipality. It spreads and creates among common citizens the necessary groundwork to better understand all levels of public administration.

I greet the mayors this morning, and I believe we are overcoming a crisis of such a magnitude that I can say that we are just now starting to walk on a more firm ground. The crisis in the banking system, which we had to face during the first few months of this constitutional term, was of a magnitude and intensity that no one had expected. During the election campaign days, amid the controversy over programs and ideas, no one could have predicted the country would go through a deep crisis of such a magnitude and significance that some have even said that, relatively speaking, if not the most serious, it has been at least one of the most serious any country has had to face.

The fact that we have been able to overcome that situation, the fact that we can say today that we are recovering the confidence of the Venezuelan public in the financial system, and the fact that we can say that we have made an extraordinary effort means that we have been successful in putting our house in order. I believe it is something that should encourage all of us, and it should confirm in all of us the hope that we are going to open up wide horizons and reach the 21st Century with an optimistic attitude, as it should be for a young people, a vigorous people, a courageous people like the Venezuelan people.

I sincerely greet the mayors, and I thank them for showing up today. I hope this meeting, the first of a series of meetings, will be held in an atmosphere of understanding, in a real constructive atmosphere. People do not expect us to be setting examples of controversy and misunderstanding. What the people want from us is a message of faith to attract, to make voters commit themselves to participating in the elections that will be held during this constitutional period. The fundamental ingredient we have to give them is hope, the hope that their presence, their vote, and their decision will be a creative element to overcome the difficult and confusing situation we have been facing lately.

I earnestly hope that this meeting between the president and the mayors of Venezuela can lead to the strengthening of our confidence, our faith in our democratic institutions, in which, as the Constitution states, municipal governments are the primary institution, the fundamental institution, the initial cell of all the country's democratic organizations.

We are sure of one thing. Venezuela's problems are of such proportions that one force alone, one factor, or one power cannot resolve them independently. The people realize this and when they demand security they are not demanding it of one government official in particular. When they demand a healthy, clean environment and when they demand concern for the large variety of problems they face day in and day out, they do not hold this or that sector of the government responsible. It would make no sense to do so. It would be foolish to pass the responsibility onto some other sector of public administration. It would be senseless for the national government to tell the afflicted people, for example, that traffic and urban transportation, water, or sanitation are the sole responsibility of the mayor. That would lead us nowhere other than toward increased pessimism among the population and a lack of confidence and faith in their community authorities. We must give them answers. I sincerely believe this will be so. We are facing the problems together. There is a harmonious understanding among the mayor, the municipalities, the parish organizations, the neighborhood associations, the state governors, the state legislators, and the executive, judicial, and legislative branches of the national government, all of which are necessary to deal with the people's problems. They are all essential to attaining this fundamental ideal of social solidarity, with which we will achieve victory in the difficult times we have to face.

Ladies and Gentlemen Mayors, I offer you my most heartfelt greetings. Welcome to Caracas. You are enjoying all the privileges, respect, and consideration you personally deserve for the post you hold and for the entities you represent. If we do not strengthen our municipalities, we cannot aspire to effectively strengthen the nation. The nation, therefore, must understand and answer the cries and worries of those who represent its municipalities. I am sure those representatives will also offer the national government their understanding, assistance, and encouragement. In so doing, the whole nation will have the undeniable obligation to work, day after day, hour after hour, without rest, to serve our national community.

I thank you very much for being here. I reaffirm my conviction that this will not be just another meeting. This will be the beginning of an effective agreement, a new community in understanding and harmony in the relations between the various sections of the country's political organization, directed at restoring Venezuela's hope in a better future, through confidence and faith. Thank you.

**Mayors Ask Government To Expedite
Decentralization**

*PA1610022294 Caracas Union Radio Network in
Spanish 2200 GMT 13 Oct 94*

[Report by Johnny Ficarella from the "Union Radio News" newscast]

[FBIS Translated Text] The mayors of the country have asked the government to expedite the decentralization process. In agreement with the statements expressed by

President Rafael Caldera at the opening of the National Mayors' Council, Maracaibo Mayor Fernando Chumaceiro affirmed a decentralization process without resources would not accomplish the goals, aspirations, and needs of the people. He called for the implementation of new budget schemes.

[Begin Chumaceiro recording] We perceive some officials are allowed to exert excessive controls over the allocation of budget resources for work development programs. Consequently, the allocation of said resources must not be made by ministers, who are many times influenced by political motives or regional sympathy. [end recording]

A very important issue noted by the mayors is the reform of the Municipal Law. They want funding to be channeled directly through mayors and not through state governments.

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